GATOR
CAPITAL MANAGEMENT

February 2, 2015

Dear Investors:

This is Gator Financial Partners, LLC's (the "Fund") second half 2014 investor letter. In this letter, we will briefly review the Fund's investment performance for 2014, review the investment thesis for some of our larger portfolio themes and holdings, and update you about the Fund's current net exposure and positioning by sub-sector.

Review of 2014 Performance

Gator Financial Partners had disappointing investment performance in the second half of 2014 with a net loss of 6.04%, essentially giving back the gains from the first half of 2014. The broad market and the Financials sector were up. There were four main drivers of the Fund's performance during the second half of 2014: 1) GSE preferred shares declined in September and October due to an adverse court ruling, 2) the Fund's position in Syncora declined 13% reversing some of the gains from the first half of the year, 3) the Fund's position in Zions Bancorporation warrants declined, and 4) the Fund's short positions in REITs and its index hedge rose during the period.

	2nd Half 2014	2014	Total Return Since Inception	Annualized Return Since GFP's Inception
Gator Financial Partners, LLC	-6.04%	-0.97%	516.20%	31.02%
S&P 500 Total Return Index[1]	6.12%	13.69%	74.86%	9.98%
S&P 1500 Financials Index	9.20%	14.84%	29.80%	5.84%

The Fund's inception date was July 1, 2008. Past performance is not indicative of future results. Performance is presented net of fees and expenses. Please see Appendix A for additional disclaimers.

[1] The market index shown has been selected for purposes of comparing the performance of an investment in Gator Financial Partners, LLC with certain well-known equity benchmarks. The statistical data regarding the indices has been obtained from Bloomberg and the returns are calculated assuming all dividends are reinvested. The indices are not subject to any of the fees or expenses to which the funds are subject and may involve significantly less risk than Gator Financial Partners, LLC (the "Fund"). The Fund is not restricted to investing in those securities which comprise this index, its performance may or may not correlate to this index, and it should not be considered a proxy for this index. The S&P 500 Total Return Index is a market cap weighted index of 500 widely held stocks often used as a proxy for the overall U.S. equity market. An investment cannot be made directly in an index. The S&P 1500 Financials Index is a market cap weighted index of Financial stocks within the S&P 1500 Super Composite Index we used as a proxy for the Financial sector of the U.S. equity market. An investment cannot be made directly in an index. Gator Financial Partners, LLC consists of securities which vary significantly from those in the benchmark indices listed above. Accordingly, comparing results shown to those of such indices may be of limited use.

Review Major Contributors in 2014

In this section, we review the top contributors and detractors from our performance in 2014. Performance in 2014 was characterized as much by the lack of movement in our portfolio as it was by winners and losers. Several positions had gains in the first half of the year and slowly gave-up the gains through the second half of the year. As an example, our position in Ambac opened the year at $24.20, reached a high of $35 in early March, and ended the year at $24.50.

Company	Gross Performance Contribution 2014	Discussion
Syncora	+3.6%	Municipal bond insurer in runoff. Thesis remains intact as the company reached bankruptcy resolution with Detroit.
Bimini Capital Management	+1.3%	External manager for Orchid Island Capital, a mortgage REIT. Market valuation significantly below traditional asset managers.
Voya Financial	+1.2%	The former U.S. life insurance unit of ING Group NA. New management is optimizing capital and expense structures. We believe the market will continue to revalue the shares which only trade at 0.8x book value.
SunTrust Warrants	+0.8%	Southeastern regional bank growing loan portfolio while cutting expenses. History of strong credit underwriting. Warrants provide an asymmetrical risk/reward profile.
Kingstone	+0.4%	Homeowners insurance company focused on NY state. Growing rapidly as larger companies exit coastal exposures.
GSE Preferred Stock	-3.0%	The preferreds traded lower on an October court ruling. We believe the political climate is beginning to shift in favor of the GSEs.
Financial Index Hedges	-3.0%	Reduced the use of Index hedges in favor of single name shorts during 2014.
Zions Bank Warrants	-1.4%	Regional bank based in Utah. Significant exposure to higher short term interest rates.
Genworth	-1.1%	We were able to fully hedge the position prior to the negative reserve review announcement in November. We subsequently exited the position as management was unable to properly assess the firm’s long term care exposures.
Virtus Investment Partners	-0.6%	Growing asset manager trading at a modest valuation. Faced outflows in Q4 related to an issue with one of its larger sub-advisors.

Portfolio Positioning for 2015

In the following sections, we review several of our major portfolio positions as we enter 2015.

Alternative Asset Managers

We own positions in several alternative asset management companies. We group alternative asset managers into two categories: traditional private equity firms and managers of publicly-traded vehicles such as Business Development Companies (BDCs), Mortgage Real Estate Investment Trusts (mREITs), and Collaterized Loan Obligations (CLOs).

We believe traditional private equity firms are undervalued by the market in three ways. First, we believe the market assigns almost no value to the growth of their businesses when they are actually taking share within the asset management universe. Next, the market is not willing to pay for the potential operating leverage from expansion into adjacent asset management businesses like real estate private equity, distressed credit, and private equity in Europe and Asia. Lastly, the market is valuing their incentive fees at very low multiples when each company has a long history of growing their incentive fee income. We own KKR (ticker: KKR), Blackstone (ticker: BX), and Carlyle Group (ticker: CG).

In 2014, we started positions in several companies representing a new type of alternative asset manager. These asset managers manage alternative assets in publicly-traded structures such as BDCs, mREITs or CLOs. We like these businesses because they tend to manage either permanent capital in the form of a publicly-traded company or long-duration capital in the case of CLOs. These asset managers usually manage a small amount of assets on a relative basis, so they have ample room for growth in assets under management (AUM). The market is conservatively valuing these companies at or below 10x earnings as compared to traditional asset managers at 15x earnings. We can envision a scenario where the market re-rates these companies to a premium multiple over traditional asset managers due to their more stable (or permanent) AUM and their higher potential for growth due to their current AUM. Companies we own in this sector are Bimini Capital (ticker: BMNM), CIFC Corp. (ticker: CIFC), and Fifth Street Asset Management (ticker: FSAM).

Municipal Bond Insurers in Run-off

We continue to hold sizable positions in both Ambac and Syncora. We believe both companies will be worth a multiple of their current stock prices as their legacy guaranty exposures run-off.

We wrote about Ambac in 2013 and still believe the stock is worth a multiple of its current stock price. Ambac is seeking to recover losses from issuers of RMBS that Ambac guaranteed. We think it is possible that Ambac may recover more money than currently contemplated in its balance sheet from settlements with Bank of America and JP Morgan. Ambac also has a large net operating loss carry forward (NOL) position that could make it an acquirer of a business in an effort to monetize the NOL value. While AMBC's stock price was flat in 2014, the board recently replaced the CEO with an interim CEO. We think with the change in leadership, the company may be able to move at a faster pace to realize the value we see in Ambac's assets.

We continue to own Syncora, which we wrote about in detail in our August letter. We continue to think that Syncora is a neglected stock due to being a small muni bond insurer in run-off. Since our August letter, Syncora has had a few positive developments: 1) the Detroit municipal bankruptcy has been resolved with Syncora receiving several forms of compensation, 2) oil prices have declined which should help the Puerto Rican electric utility which was their next most troubled exposure, and 3) the management team has improved transparency as it held a quarterly earnings conference call in November. We think Syncora's management team will continue to de-risk the company and will continue to find ways to recover value for shareholders.

TARP Bank Warrants

We own positions in warrants of several banks. These warrants were originally issued to the U.S. Treasury as part of the TARP Program. We own these warrants because we believe the stocks are undervalued and the warrants provide a way to earn asymmetrical returns from higher underlying stock prices. We believe the banks could earn higher valuations from the market by showing operating leverage from strong loan growth and higher short-term interest rates.

We reviewed our investment thesis in Zions Bancorporation warrants in our letter last January. To update the potential return for these warrants, here are some facts:

Zions 1/30/15 stock price: $23.96
Zions 1/30/15 warrant price: $2.85

Zions 12/31/14 tangible book value: $26.27
Zions warrant strike price: $36.36
Zions warrant expiration date: 5/22/2020
Gator's estimate of Zion's tangible book value at warrant expiration: $33.94
Gator's estimate of Zion's warrant strike price at warrant expiration: $35.48

If our goal is to earn a 25% compounded return from the Zions warrant position, the warrants need to trade at $9.37 or higher in 5.33 years. This would mean the stock would have to trade ~$45 or 1.3x tangible book value. Zions's peers currently trade at 1.6x tangible book value, so we do not think Zions trading at 1.3x tangible book 5.33 years from now is a heroic assumption.

We own warrants on SunTrust (ticker: STI/WS/B), Zions Bancoporation (ticker: ZIONW), Capital One (ticker COF/WS), and Comerica (ticker: CMA/WS).

GSE Preferreds

We continue to hold a position in GSE preferreds. Although the return from the GSE Preferred position was disappointing in 2014, we believe from these levels (~13% of par value) that the GSE preferred position has an attractive risk/reward profile. As mentioned above, the GSE preferreds declined when Judge Lambreath ruled against Perry Capital's request for an injunction to stop the Third Amendment Sweep of the GSEs' net income to the U.S. Treasury. While this decision was disappointing, we think the GSE preferred shares overshot to the downside. We think the more important legal case is the Fairholme Funds lawsuit in Judge Sweeney's court. Although we strongly believe that preferred shareholders will prevail in the Fairholme case, we also do not think the GSE preferred position is completely dependent on the courts.

With the companies having paid more cash back to the Treasury than they borrowed, we believe there is an ongoing political shift that is favorable for the companies. We saw signs of this political shift during a Senate Banking Committee meeting in mid-November where then Senate Banking Committee Chairman Tim Johnson (D-SD) asked FHFA Director Watt to release the companies from Conservatorship. New Senate Banking Committee Chairman Richard Shelby (R-AL) said in a recent interview that we should get Fannie and Freddie "up and running on their own"[2] as soon as possible. We think this is a material change in Sen. Shelby's thinking on the GSEs as he opened the door to the continued existence of the companies. From here, we think a potential scenario is a GSE privatization similar to the Sallie Mae privatization from ten years ago where Fannie and Freddie start doing non-GSE business in a new subsidiary and the existing GSE guarantees are run-off overtime as they mature. In this scenario, the existing capital structures will remain in place and preferred holder may eventually receive par. We believe the status quo with the GSEs forwarding all of their profits to the U.S. Treasury is not sustainable.

Single Family Rental REITs

On the short side, we are pessimistic about single-family housing rental REITs. These are companies formed by institutional investors shortly after the 2008 financial crisis to buy a large number of foreclosed homes and rent them to people who no longer wanted or weren't able to own homes but didn't want to live in a traditional apartment. We will grant that homes these investors purchased in 2009 and 2010 have turned out to be bargains, but these companies have needed to continue to buy homes to achieve economies of scale in managing their portfolios of homes. The homes purchased in the 2012-2014 timeframe have been made at much less attractive prices. We believe the companies will have difficulty managing a disperse group of assets and will not generate attractive returns for investors.

Our analysis shows that the pool of single-family renters will decline and maintenance capital expenditures will be higher than company forecasts. We believe the number of families that are willing to rent homes is limited. We see two items reducing the pool of families willing to rent single family houses: 1) mortgage credit will get easier over the coming years and 2) many families who had lost their homes in the 2008-2010 timeframe will be able to qualify for a new mortgage from federal mortgage agencies seven years after losing their previous home. We think the difficulty in managing single-family homes and the declining pool of renters will make earning returns in single-family rental REITs difficult. The potential returns will get consumed by additional capital expenditures required to keep the homes fresh as tenants turnover. We have short positions in American Home Mortgage (ticker: AMH), American Residential Property (ticker: ARPI) and Silver Bay Realty (ticker: SBY).

These are high level thoughts about several of our important positions in the portfolio. If you'd like to discuss any or all of these ideas in more detail, please call or email me and we can have a more detailed discussion.

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[2] See video http://www.bloomberg.com/news/videos/2015-01-29/iran-nuclear-talks-is-survival-question-shelby-says starting at the 5:01 mark.

Portfolio Analysis

Below are the Fund's largest common equity long and short positions. All data is as of December 31, 2014.

Largest Common Equity Positions

Long	Short
Syncora	People's Bank-CT
Huntington Bank	Cullen Frost
Ambac	Federal Realty
Janus	Old National Bank
SunTrust warrants	Taubman Centers

From this list, we exclude ETFs and fixed income instruments such as preferred stock.

Sub-sector Weightings

Below is a table showing the Fund's positioning within the Financials sector as of December 31st:

	Long	Short	Net
Alt Asset Managers	15.54%	0.00%	15.54%
Asset Managers	14.36%	1.06%	13.30%
Broker Dealers	5.72%	0.00%	5.72%
Banks (large)	30.60%	12.77%	17.83%
Banks (small)	10.65%	14.38%	-3.73%
P&C Insurance	3.51%	1.73%	1.78%
Life Insurance	4.65%	3.30%	1.35%
Non-bank Lenders	14.49%	0.00%	14.49%
Processors	0.00%	1.58%	-1.58%
Real Estate	1.50%	6.98%	-5.48%
Exchanges	0.00%	0.00%	0.00%
Index Hedges	0.00%	0.00%	0.00%
Non-Financials	0.00%	0.00%	0.00%
Total	101.02%	41.80%	59.22%

The Fund's gross common exposure is 143% and its net exposure is 59%. From this table, we exclude fixed income instruments such as preferred stock. Preferred stock positions account for an additional 3% of the portfolio. One notable difference is we have significantly reduced the use of an index hedge in our portfolio as we found our long positions were not tracking the underlying index, so we were not protecting our downside in a manner that we thought was appropriate. As we exited the index hedge, we added a few additional single name short positions to the portfolio. We expect to add additional single name short positions over the coming months.

Organizational Changes

In December, my brother, Chris Pilecki, joined Gator as our trader. Up until December, I executed 99% of our trades (Erik Anderson, Gator's CFO, helped me a few times when I was out of the office). Having Chris execute our trades will allow me more time to focus on researching new and existing ideas for the portfolio. Chris is a CFA® charterholder. He earned a civil engineering degree from the University of Virginia and an MBA from Johns Hopkins University. He was a sell-side analyst at First Union Securities and a buy-side analyst for Atlantic Capital Management, both in Richmond, VA. For the past six years, he was a trader for Chesapeake Capital. Chesapeake is Jerry Parker's managed futures firm. Mr. Parker is a legend in the managed futures industry and is unarguably the most commercially successful of the famous Turtle Traders taught by Richard Dennis. We are thrilled that Chris has joined the firm.

In October, we hired Alexis Shahnasarian as a Marketing Analyst. She will be helping us to interact with existing investors and to get us more organized. One major project she has been helping with is redoing our website, which we hope to release later in Q1. Alexis earned a BA from Florida State and a MA in Management from Wake Forest. She's a dynamic person, and we expect her to have a great career with Gator.

Conclusion

Our performance in the 2nd half of 2014 was disappointing. We continue to think we are well positioned and have differentiated positions in our portfolio. Thank you for entrusting us with a portion of your wealth. On a personal level, I continue to have significantly more than 50% of my liquid net worth invested in the Fund.

As always, we are available by phone whenever you want to discuss the Fund, our other products, or investing in general.

Sincerely,

Derek S. Pilecki
Managing Member of Gator Capital Management, LLC, which is the
Managing Member of Gator Financial Partners, LLC

Appendix A
Additional Disclaimers and Notes on Performance Results
The performance results shown on the first page of this letter are presented on a net-of-fees basis and reflect the deduction of, among other things: management fees, brokerage commissions, administrative expenses, and accrued performance allocation, if any. Net performance includes the reinvestment of all dividends, interest, and capital gains; it assumes an investor has been in the fund since their respective inception dates and participated in any "new issues". Depending on the timing of a specific investment and participation in "new issues", net performance for an individual investor may vary from the net performance as stated herein. Performance data for 2014 is estimated and unaudited.

The inception date for Gator Financial Partners, LLC was July 1, 2008. The performance data presented on the first page of this letter for the market indices under "since inception" is calculated from July 1, 2008. The returns represented encompass a market and economic period of extreme volatility which may not repeat itself.

The market indices shown on the first page of this letter have been selected for purposes of comparing the performance of an investment in Gator Financial Partners with certain well-known equity benchmarks. The statistical data regarding the indices has been obtained from Bloomberg and the returns are calculated assuming all dividends are reinvested. The indices are not subject to any of the fees or expenses to which the funds are subject. The funds are not restricted to investing in those securities which comprise any of these indices, their performance may or may not correlate to any of these indices, and it should not be considered a proxy for any of these indices.

Past performance is not necessarily indicative of future results. All investments involve risk, including the loss of principal. This letter is confidential and may not be distributed without the express written consent of Gator Capital Management, LLC. It does not constitute a recommendation, an offer to sell, or a solicitation of an offer to purchase any security or investment product. Any such offer or solicitation may only be made by means of delivery of an approved confidential private offering memorandum.

This letter contains information and analyses relating to some of Gator Financial Partners' positions during the period reflected on the first page. Gator Capital may currently or in the future buy, sell, cover or otherwise change the form of its investment in the companies discussed in this letter for any reason. Gator Capital hereby disclaims any duty to provide any updates or changes to the information contained here including, without limitation, the manner or type of any Gator Capital investment.

Gator Financial Partners, LLC

GATOR CAPITAL MANAGEMENT

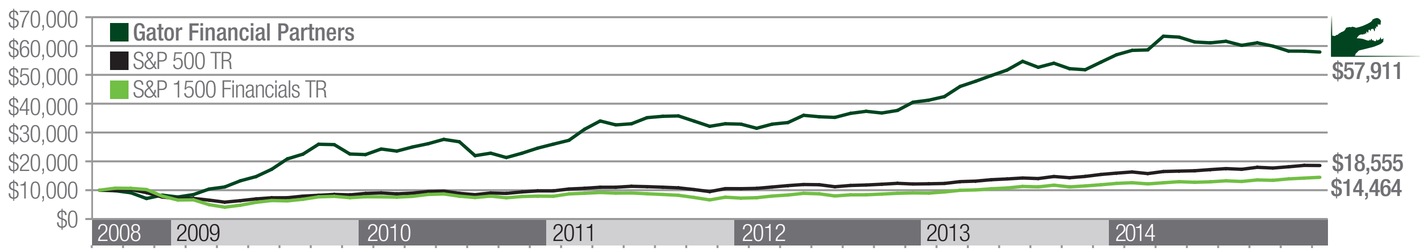
Derek Pilecki, CFA
Portfolio Manager

December 2014

Monthly Performance, Net of Fees

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	0.27%	8.12%	(0.48%)	(2.69%)	(0.49%)	0.88%	(2.27%)	1.44%	(1.87%)	(2.89%)	(0.04%)	(0.52%)	**(0.97%)**
2013	8.26%	3.97%	4.11%	3.80%	5.89%	(3.78%)	2.70%	(3.51%)	(0.71%)	5.06%	4.73%	2.68%	**37.76%**
2012	4.55%	1.65%	7.51%	(1.37%)	(0.67%)	3.99%	1.94%	(1.57%)	2.40%	7.61%	1.72%	3.01%	**34.87%**
2011	14.03%	9.26%	(4.00%)	1.20%	6.43%	1.32%	0.36%	(5.00%)	(5.34%)	2.76%	(0.41%)	(4.34%)	**15.34%**
2010	(2.97%)	6.01%	4.55%	5.77%	(3.00%)	(17.98%)	3.93%	(6.65%)	7.03%	7.73%	5.61%	5.13%	**12.39%**
2009	22.60%	7.00%	19.23%	11.00%	17.19%	20.93%	7.90%	15.28%	(0.50%)	(12.63%)	(0.87%)	8.65%	**186.31%**
2008							(1.89%)	(7.24%)	(21.90%)	16.63%	(7.93%)	11.02%	**(15.26%)**

Growth of $10,000



Overview

Gator Financial Partners, LLC (the "Fund") is a long/short equity hedge fund focused on the Financials sector. The Fund is run with variable net common exposure in an attempt to produce investment returns that are independent of the market direction of the Financial sector.

The Fund's portfolio is built by performing intensive bottom-up fundamental research on both long and short positions. The Fund's portfolio is concentrated on the portfolio manager's highest conviction ideas. The Fund never sells options but will purchase warrants and LEAPs as stock replacements.

The Fund favors small companies and companies with less research coverage from the sell-side. There are 1,600-plus publicly traded companies in the Financials sector. In addition, the sector requires specialized knowledge to correctly analyze the companies. Therefore, the portfolio manager believes there are regular opportunities for specialized investors doing fundamental research in the sector.

The Fund's goal is to maximize total return without using leverage while accepting short-term periods of volatility due to the portfolio's concentration.

Private Fund AUM	$42.3MM
Strategy AUM	$74.0MM
Firm AUM	$119.9MM

"PRIVATE FUNDS AUM" IS DEFINED AS ASSETS UNDER MANAGEMENT ("AUM") IN GATOR FINANCIAL PARTNERS, LLC, GATOR FINANCIAL PARTNERS QP, LLC AND GATOR FINANCIAL PARTNERS OFFSHORE, LTD. "STRATEGY AUM" IS DEFINED AS AUM (BOTH IN FUNDS AND IN SMAS) USING THE SAME INVESTMENT STRATEGY AS GATOR FINANCIAL PARTNERS, LLC. "FIRM AUM" IS DEFINED AS ALL AUM BY GATOR CAPITAL MANAGEMENT, LLC.

Performance and Risk Analysis

	Gator Financial	S&P 500 TR	S&P 1500 Financials TR
Average Monthly Return	2.56%	0.91%	0.77%
Monthly Compound Return	2.28%	0.80%	0.47%
Annual Compound Return	31.02%	9.98%	5.84%
Cumulative Return	479.16%	85.56%	44.64%
Profitable Percentage	61.54%	66.67%	60.26%
Max Drawdown	(28.92%)	(42.62%)	(61.55%)

Risk Analysis

Annualized Volatility	26.18%	16.53%	26.01%
Sharpe Ratio (RFR)	1.04	0.57	0.22
Sortino Ratio (RFR)	1.94	0.82	0.30
Downside Deviation	14.06%	11.65%	18.96%

Regression Analysis (Trailing 36 months)

Annualized Alpha	—	8.66%	7.16%
Beta	—	0.68	0.61
R^2	—	0.27	0.37

Risk Management

Initial Position Size - L/S	2% to 4% / 1% to 2%
Maximum Position Size	10% at cost
Gross Exposure Target	Less than 200%
Net Exposure Target	+/- 25%
# of Positions - L/S	30-50 / 30-50

About Gator Capital Management LLC

Gator Capital Management, LLC was founded in 2008 by Derek Pilecki and is located in Tampa, Florida. Gator Capital Management manages small cap portfolios, separately managed accounts, and sector specific private investment partnerships for private and institutional clients and mutual fund investors. Gator Capital Management is registered with the SEC as a Registered Investment Advisor[1].

Derek Pilecki, CFA

Managing Member and Portfolio Manager

Derek Pilecki is the founder of Gator Capital Management and Portfolio Manager for the Gator Financial Partners, LLC.

Prior to Gator, Derek was a member of the Goldman Sachs Asset Management (GSAM) Growth Equity Team. While at GSAM, Derek provided primary coverage of the Financials for the Growth Team. Prior to GSAM, Derek was an equity analyst at Clover Capital Management and Burridge Growth Partners.

Derek holds an MBA with honors in Finance and Accounting from the University of Chicago and a BA in Economics from Duke University.

Derek's largest personal asset is his investment in the Fund and comprises more than 50% of his liquid net worth.

1. Registration of an investment advisor does not imply any level of skill or training.

GATOR CAPITAL MANAGEMENT

Gator Capital Management, LLC
100 S. Ashley Dr., Suite 895
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Investment Terms

Management Fee	1.0% of assets annually
Incentive Allocation	20% of profits
High-Water Mark	Yes
Lock-up	None
Redemption Policy	Monthly, 10 business days
Minimum Investment	$100,000

Service Providers

Administrator	ALPS Fund Services, Inc.
Prime Brokers	Interactive Brokers, LLC and Jefferies, LLC
Legal Counsel	Davis Gillett Mottern & Sims, LLC
Auditor	Kaufman, Rossin & Co.

Disclaimer

Appendix C
Review of the Gator Financial Partners Strategy and Goals

The Fund is a long/short equity fund focused on the Financials sector. We use a bottom-up fundamental analysis to make investments and build the portfolio, one stock at a time. We attempt to own (or go long) undervalued securities and sell short securities that are overvalued. We generally keep the Fund close to market neutral because we believe returns from stock selection may be more consistent than returns from over-weighting or under-weighting the sector at the appropriate time.

One competitive advantage of the Fund is the deep focus on the Financials sector. The Financials sector has many sub-industries: money center banks, regional banks, trust banks, community banks, thrifts, broker-dealers, non-bank financials, REITs (commercial, apartment, industrial, retail, mortgage, etc.), P&C insurance, life insurance, insurance brokers, asset managers, exchanges, and financial technology companies. While many of the major hedge funds are positive on Financials, they generally express their view in the liquid, large-cap banks. While these may be fine positions over time and we own some of these same banks, we add most of our value by going several layers deeper to find attractive values among the less popular or well-known companies in the sector.

Seventy-five percent of the Fund's positions must be in companies in the Financials sector or in companies with a significant stake (33% of revenues, profits or allocated capital) in financial services operations. Examples of companies with significant financial services operations are General Electric with GE Capital and eBay with PayPal. Historically, 90 to 95% of the fund's positions have qualified as a member of the Financials sector or financial services related. The non-financial services positions tend to be special situations such as spin-offs, initial public offerings, or short positions in former fad or concept stocks.

There are two other distinguishing characteristics of the Fund: a concentrated portfolio and a focus on opportunities with asymmetrical risk/reward (this is code for: "We swing for the fences when we believe the odds are in our favor."). We run the Fund with a concentrated portfolio for several reasons. We believe a concentrated portfolio creates discipline in weeding out bad ideas. Another benefit of a concentrated portfolio is a focus on the best ideas. One of my mentors from GSAM taught me that any stock worth buying is worth buying in size. Positions with asymmetrical risk/reward are important because markets often price in average moves and do not anticipate how frequently extreme price moves can occur. We find these asymmetrical opportunities in beaten down stocks, long-term warrants and/or LEAPs, and companies with significant operating leverage. One day when the Fund is of the appropriate size, we may also find opportunities in purchasing credit default swaps on companies we want to short. In the brief history of the Fund, these characteristics (a concentrated portfolio and positions with asymmetrical risk/reward) explain the large volatility in the Fund's monthly returns. Most of this volatility has been to the positive, but there have been, and will be, times when the fund will be out of sync with the market. Please do not expect the Fund to produce steady returns; instead, we hope the Fund will produce a superior total return over the long-run.

Appendix D
Gator Financial Partners Operational Characteristics

Given the events of 2008 and the common criticisms of hedge funds (limited liquidity, opaque portfolios and self-administration), we have structured the Fund to be more investor-friendly than a typical hedge fund. The Fund does not employ lock-ups, there is monthly liquidity, and only 10 business days' notice is required to redeem investments at month-end. We disclose the entire portfolio to current investors upon request and to prospective investors prior to investment. The Fund has hired an independent auditor, Kaufman Rossin based in Miami, who specializes in hedge funds, to perform the Fund's annual audit. The Fund has also hired an independent third-party administrator, ALPS Fund Services, for fund accounting. As an additional financial control, we cannot authorize a release of money from the Fund's checking account at Wells Fargo unless ALPS also approves the withdrawal. We want to continue to improve the Fund's structure and terms to remain investor-friendly. If you have suggestions, please contact us.

We do offer separate accounts with a $5 million minimum. While we prefer investors to invest directly in the Fund, we will invest separate accounts *pari passu* with the Fund. The trade-off is that a separate account imposes a greater accounting and tax reporting burden on the client. Whether our investors come through the Fund or through a separate account, we feel strongly that the money is the investor's money, the investor has given us the privilege of managing their money, the investor has the right to know how their money is invested, and they have the right to access their money.