Firm Brochure

(Part 2A of Form ADV)

GATOR CAPITAL MANAGEMENT, LLC

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This brochure provides information about the qualifications and business practices of Gator Capital Management, LLC (herein "GCM", "Gator", or the "Firm") If you have any questions about the contents of this brochure, please contact us at: (813) 282-7870, or by email at: info@gatorcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Gator Capital Management, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information you may use in determining whether to hire or retain an Adviser.

Additional information about GCM is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

Initially, we will provide you with this brochure which highlights information about our qualifications, business practices, and potential conflicts of interest. Thereafter, on an annual basis, if there have been any material changes to the information in the brochure during the previous year, we will provide you with one of the following:

- An updated annual brochure along with a summary of material changes which will be provided within 120 days of the close of our business fiscal year. Our business fiscal year-end is December 31st.

- A summary of material changes within 120 days of the close of our business fiscal year-end that includes an offer to provide a copy of the full annual updated brochure and information on how you may obtain the brochure from us.

Throughout any calendar year, we will also provide you with an updated interim amendment to our brochure under the following circumstances:

- We report any new information in response to Item 9 of Part 2A regarding disciplinary information about the firm or any of its management personnel.

- Any material change that could affect the relationship between you and us.

We will provide, *free of charge*, a new brochure any time at your request, or as may become necessary based on material changes as outlined above.

You may request our brochure by contacting our office at 813-282-7870 or by email at info@gatorcapital.com. You may also receive this and any other disclosure documents via electronic delivery, where allowed, by signing and returning to us an authorization to deliver disclosure and other documents electronically.

Additional information about Gator Capital Management is also available via the SEC's web site at www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with our firm who are registered, or are required to be registered, as investment adviser representatives of Gator Capital Management.

Material changes since the last update:

1. Re-instated Information in Item #9 regarding a State of Florida deficiency with respect to corporate financial reporting occurring in 2009-2011 and resolved in 2012.

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Item 4 Advisory Business

Firm Description

Gator Capital Management, LLC (herein "GCM", "Gator", or the "Firm") is an independent, employee-owned firm offering advisory services and investment solutions to a variety of clients. Gator was founded as a Delaware limited liability company in 2008 and is an SEC-registered investment adviser. Gator's main office is located in Tampa, Florida.

There is one principal shareholder owning more than 25% of our Firm. The shareholder is:

- Derek Pilecki, Managing Member.

As used in this brochure, the words "we," "our" and "us" refer to Gator Capital Management, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our Firm.

1. Investment Advisory Services

General. Gator primarily provides investment management services using strategies consisting of individual stocks. GCM provides investment management services to institutional clients, individual clients, charitable organizations, a registered investment company, private funds, and other pooled investment vehicles. GCM offers strategies that focus on the Financials sector as well as broad based portfolios. GCM also may provide custom portfolios at the client's request. A more detailed list of customer types we work with can be found in Item 7 of this brochure.

Separate Account Management Services. GCM manages individual client accounts pursuant to a written investment management agreement setting forth the terms and conditions of our engagement. You will then deposit cash and/or securities in an account with a qualified custodian. Your account balance may be altered by you from time to time by investment, reinvestment, additional deposits, expense distributions, and withdrawals. Separate Accounts may be established using a number of different investment strategies and approaches including, but not limited to:

- *Portfolio Strategies*. Depending on your specific investment objectives, your account may be invested on the basis of one or more of our Financials sector trading strategies.
- *Customized Arrangements*. In certain instances, and subject to the terms of the applicable investment management agreement, we may provide portfolio advisory services that are not necessarily managed according to one of our model trading strategies. In such cases, our investment authority may be subject to specific investment objectives, guidelines and/or conditions imposed by you in writing.

Generally, we manage all portfolios on a discretionary basis. This allows us to buy and sell various investments under a limited power of attorney in keeping with your investment directives without your prior approval. **You may revoke this discretionary authority at any time**.

To ensure our initial determination of an appropriate trading strategy and/or portfolio remains suitable and the account continues to be managed in a manner consistent with your financial circumstances, you must contact us if there have been any changes in your financial situation or investment objectives, and/or you wish to impose investment restrictions or modify existing restrictions. We will be reasonably available to consult with you. GCM does not act as a qualified custodian of client assets.

Private Investment Vehicles. GCM acts as General Partner and Adviser to several private investment partnerships: (i) Gator Financial Partners, LLC, a Delaware limited liability company; and (ii) Gator Financial Partners Offshore, Ltd., a Cayman Islands Exempted Company (collectively, the "GCM Private Funds").

Mutual Funds. GCM also provides investment advisory services to a proprietary mutual fund:

- GCM acts as investment adviser for the Caldwell & Orkin – Gator Capital Long/Short Fund.

Separate Account Client Use of Affiliated Products. From time to time, GCM may recommend or introduce potential or existing separate account clients to one or more of the GCM Private Funds or mutual fund(s) (collectively, the "GCM Advised Funds"), depending on the nature and size of the relationship or potential relationship, and the client's investment objectives. Similarly, investors in one or more of the GCM Advised Funds may contact GCM about separate account management. Either of these cases may result in a GCM Advised Fund's investor also being a GCM separate account client. However, to address potential conflicts of interest and avoid double charging clients, GCM does not charge any fee on that portion of any separate account assets invested in any GCM Advised Funds.

2. Investment Strategies and Types of Investments

The descriptions set forth in this brochure of specific advisory services that GCM offers to clients, and investment strategies utilized and subsequent investments made by GCM on behalf of its clients, should not be understood to limit in any way GCM's investment activities. GCM may offer any advisory services, engage in any investment strategies, and make any investment, including any not described in this brochure, that GCM considers appropriate for its clients, and for which it is qualified, subject to each client's investment objectives and guidelines. The investment strategies GCM pursues are speculative and entail substantial risks. Clients should be prepared to bear a partial or complete loss of invested capital. There can be no assurance that the investment objectives of any client will be achieved.

Gator Financials Strategy

Based on the background and experience of the Managing Member of the Firm, Gator offers several products in a strategy that focuses on the Financials sector. Within the Financials Strategy, Gator manages several private funds as well as a registered open-end mutual fund.

Gator Advisory Accounts

Advisory accounts are customized investment plans developed based on specific client objectives, guidelines, and conditions. In certain instances, and subject to the terms of the applicable investment management agreement, we may provide portfolio advisory services that are not necessarily managed according to one of our model trading strategies.

Assets Under Management

As of 12/31/2020, GCM managed approximately $129.6 million in assets. Approximately $129.6 million is managed on a discretionary basis, and $0 is managed on a non-discretionary basis.

Termination of Agreement

A Client may terminate any investment management agreement at any time by notifying Gator in writing. If the client pays its fees at the beginning of a period and the agreement is terminated, Gator will refund any pro-rata unearned portion of the advance payment less any pro-rata fee earned by GCM.

Gator may terminate any investment management agreement at any time by providing (30) thirty days' prior written notice to the client.

Item 5 Fees and Compensation

Investment Advisory Services

The Firm bases its fees on a percentage of assets under management and/or a performance fee of net investment gains according to the following fee schedule. The Firm offers differing fee levels based on factors such as the asset size of the client relationship with the Firm, investment strategy, degree of supervision required, the nature of service provided, and the guidelines and restrictions imposed upon the management of the account. "Qualified Clients" and/or a "Qualified Purchaser" may choose to enter into an agreement based on a performance fee.

<u>Gator Long/Short Financials Strategy (Private Fund and Separate Accounts)</u>

Minimum account size is $5 million.

1% annual management fee and a 20% performance fee of net investment gains. The performance fee of 20% will apply only to the extent the performance is a) greater than 0% net of all fees, and b) the performance when calculated exceeds the previous high-water mark. Should the performance at the end of any given year not exceed "a" and "b" there will be no performance fee earned by the Firm. The Firm will always be entitled to the 1% annual management fee.

<u>Caldwell & Orkin – Gator Long/Short Fund</u>

Minimum account size is $5,000

- 1.00% annual management fee based on average daily net assets of the fund up to $250 million;
- 0.90% annual management fee based on average daily net assets of the fund in excess of $250 million but not greater than $500 million;
- 0.80% annual management fee based on average daily net assets of the fund in excess of $500 million.

All fees for this fund are paid in arrears.

Additional information regarding the Caldwell & Orkin – Gator Long/Short Fund is available in the fund's prospectus and Statement of Additional Information.

Gator Advisory Accounts

Minimum account size is $100,000.

- 0.50% for investments with a value less than $5 million;
- 0.40% for investments with a value equal to or greater than $5 million

Fees and Minimum Account Size

Fees and minimum account size may be negotiable on a client-by-client basis depending on a number of factors, including the type and nature of services to be provided, the amount of assets to be managed, and/or anticipated future additional assets and accounts. The specific annual fee schedule is identified in the agreement between us. Your fee structure will never change from that contained in your investment management agreement with us unless agreed to in writing by you and made a part of your investment management agreement. There will be no retroactive increase in the minimum account size required for a specific investment.

Calculation and Payment of Management Fees

Our suggested arrangement is to bill investment management fees daily, monthly or quarterly in arrears.

If a client requests billing in advance, the fee is based on either the initial deposit at the beginning of the account relationship and prorated for the number of days remaining in the quarter, and for subsequent billings, the fee will be based on the value of the account on the last day of the prior quarter. If the account is terminated during a quarter the account will be refunded any unearned fees based on the number of days remaining in the quarter. Refunds of fees billed in advance and unearned will generally be processed within 14 days of receiving proper notification of the termination of the account.

If the account is billed in arrears, we bill fees after the period has ended. The fee will be based on the average monthly value for the quarter. Payment in full is expected upon invoice presentation. If an account is terminated prior to the end of a quarter the fee will be prorated based on the number of days in the quarter that Gator has earned a fee.

Fees may be deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account through their agreement with Gator or an executed addendum and through authority provided in the client's custodial account paperwork.

Other Fees

The fee that you are being charged by us for the investment management of your assets is exclusive of, and in addition to, brokerage commissions, transaction fees, borrowing charges on securities sold short, custodial fees, and any other related costs and expenses. We do not receive any portion of these commissions, fees, other costs and expenses.

In addition, a portion of your assets may be invested in third-party mutual funds or exchange traded funds. These funds charge an annual internal management fee as outlined in their prospectuses which is deducted directly from your account balance by that fund. We do not receive any of these additional fees; however, these fees do represent an additional fee that you are paying above that being charged by us. Accordingly, you should review the fees charged by other third-party managed mutual funds, and our fees to fully understand the total amount of fees to be paid by you and to thereby evaluate the advisory services provided.

When we determine that any part of your assets that we manage will be invested in a third-party mutual fund, we will always attempt to purchase the lowest cost share class given the size of your investment and any "relationship" benefit, meaning the total assets we have invested with the fund, for which our firm may qualify. If the size of your investment does not meet the necessary minimums, or we do not qualify for a "relationship" benefit, your assets may be invested in a fund that is not the lowest cost share class available for that fund. However, at no time will we invest your assets in a higher cost share class in order to secure any residual payment for the benefit of GCM, such as a 12b-1 fee.

GCM, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.). As noted above, to address potential conflicts of interest and avoid double charging clients or investors, GCM does not charge a separate account management fee on client assets invested in GCM Advised Funds.

Item 6 Performance-Based Fees and Side-By-Side Management

Our Firm offers a 3(c)(1) fund. This fund gives certain clients, financially qualified, the option to use a performance-based fee structure. For our 3(c)(1) fund, clients must be "Qualified Clients" to be eligible to invest. The financial requirements to be considered a "Qualified Client" are to have at least $1 million under management by GCM or have a total net worth greater than $2.1 million, excluding your primary residence, at the time the investment and agreements are entered.

There are several other definitions of what may constitute a "Qualified Client" and we can assist you with those additional qualifying criteria should you have questions.

Under a performance-based fee structure, Gator charges a base fee, and a performance fee equal to 20% of the gains in excess of the annual return of the appropriate benchmark. The appropriate benchmark for the given strategy will be identified prior to or at the time of entering into an agreement with GCM. The performance portion of the fee is charged in arrears at the end of the calendar year.

Performance-based fee structures may create a potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client based on a potentially higher return.

GCM also manages accounts that earn an asset-based fee. Since GCM manages accounts that have a performance-based structure and other accounts that earn an asset-based fee at the same time, GCM may have a conflict of interest because it could have an incentive to favor accounts where GCM earns a performance-based fee. GCM addresses this possible conflict by treating all accounts the same within a strategy. In addition, where an account can participate in a trade with other accounts purchasing or selling the same security, we utilize a trade rotation and then allocate the trades to all accounts within that specific trading group. This minimizes the occurrence of one account always trading before or after other accounts and ensures that all accounts within a trading group who are participating in any particular trade, are allocated the same price for that security. Other conflicts may arise when we manage your account. We make every effort to manage those conflicts and to minimize any impact on any of our clients. Other steps we take to manage such possible conflicts include:

- All accounts within a strategy are managed together.
- We will perform periodic reviews of your account to the appropriate investment strategy.
- We have implemented policies whereby portfolio manager incentive is based solely upon the performance of the respective strategies that they manage. This policy is intended to incentivize portfolio managers to act in the best interests of clients regardless of their fee type.
- We have developed trade allocation and trade rotation policies and procedures designed to ensure that all clients are treated fairly and equally over time and to prevent these conflicts from influencing the allocation of investment opportunities among clients.

Neither the Firm nor its affiliates, if any, are required to devote their full-time or attention to managing your assets. We may conduct other businesses and provide investment services to other clients which may be competitive with the services provided to you. In advising other accounts, we may give advice and make recommendations to such accounts, which may be the same, similar to, or different from those rendered to you.

Item 7 Types of Clients

In addition to institutions and individuals, we may offer investment advisory services to others, including, but not limited to, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and business entities.

We may also provide investment management services under a sub-advisory agreement to third-party registered investment companies or pooled investment vehicles (i.e. mutual funds, private funds, hedge funds, etc.), including the GCM Advised Funds.

Account Minimums

As stated previously in this document, the minimum account size is dependent on the strategy and that minimum may be waived or changed at any time for any reason. Examples of reasons we may choose to waive the minimum would include; the value of all accounts we manage for you which are controlled by you or which are part of your household; the anticipation of additional accounts you may open with us; or the level of complexity required to manage your account(s).

The minimum account size can also be increased at any time but cannot be retroactively applied to existing accounts.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Investment Philosophy

Over the course of his career, Derek Pilecki, the founder of the firm, developed an investment philosophy influenced by his service as co-Chair of the Investment Committee at Goldman Sachs Growth Equity Team, as well as an in-depth study of Warren Buffett's investing career.

Buy the underlying business – Gator approaches a stock purchase as if we are buying the underlying business of the company. As investors, not speculators, we view stocks as businesses. We want to benefit from the cash it distributes and its ultimate value. Conversely, if we were speculators, we would view stocks as scraps of paper to be traded.

Focus on high quality businesses – Gator focuses on high quality businesses. We look for a strong competitive position in its market, attractive economics, such as high margins and high returns on equity, a strong balance sheet and a management team that thinks and performs like owners. High quality businesses are attractive because their intrinsic value tends to grow with low volatility through time, and they are not dependent on the capital markets to fund their businesses.

Buy businesses we understand – Gator focuses on businesses we understand. Warren Buffett calls this his "circle of competence." Our portfolio tends to favor companies in consumer, energy, financial and service industries — areas we understand thoroughly. Because we don't possess scientific expertise, we shy away from companies that make a heavy investment in research and development. As we gain experience or bring Analysts on board in these areas, this may change. Currently, we limit ourselves to reduce risk.

Focus on growing businesses – Gator focuses on growing businesses for several reasons: Growing businesses have more strategic options; the market places a high discount rate on expected growth beyond the next calendar year, and the after-tax return potential of a growth stock is higher because you can hold a growth stock for multiple years, resulting in a low turnover strategy and lower taxes. However, the risk with growing businesses is other investors love growth as well and can drive valuations too high.

Buy with a margin of safety – The intrinsic value of the business is the sum of all its future cash flows. Ultimately, stock prices converge to the intrinsic value of the business. Gator considers most stocks are either fairly priced or slightly overvalued compared to their intrinsic value. Recognizing our assessment of intrinsic value could be incorrect or may decline, we buy stocks with a "margin of safety" or at a "discount to intrinsic value" to protect ourselves.

Opportunity in small cap stocks – We find our best ideas in small cap stocks because they suffer from a lack of research coverage by Wall Street, and a lack of liquidity, keeping some large investors away. We believe we can continue to find many high-quality businesses at attractive valuations in the small cap area.

Opportunity in corporate events – Gator sees regular opportunities in stocks related to corporate events such as spin-offs, initial public offerings, bankruptcy exits, rights offerings and buyback programs. We believe these opportunities exist because institutional factors cause large investors to either be forced sellers of, or to ignore, these opportunities.

Concentrate holdings into best ideas – Gator runs concentrated portfolios to focus our clients' capital on our best ideas. A portfolio approaching 100-plus holdings loses the benefit of active management.

Maintain a strong sell discipline – Often, the market adjusts to changes in a company's business before we do. When stocks experience negative moves, it is often better to exit the position and reassess our investment thesis.

Taxes matter – For most investors, taxes are more important than returns. Gator tries to let our gains compound over a period of years; we'd rather pay taxes on gains than let our excess gains evaporate due to poor performance.

Investment Process

Gator employs a disciplined and consistent investment process across all its portfolios.

Narrow the universe of stocks for potential investment ideas – The universe of exchange-listed stocks is greater than 10,000 companies. Because this is too large for any investor, Gator narrows the list using several tools. We maintain an ongoing list of companies with good business models. The current list has about 300 companies, but companies are added and dropped from the list regularly. We also automatically run keyword searches on the major newswires to highlight corporate events that may unlock value. Additionally, we run computer screens to look for the companies repurchasing their stock or increasing their return on invested capital.

Preliminary reading to generate investment ideas – To determine which companies merit more thorough analysis by our investment team, we read through the earnings releases and the conference call transcripts of the companies we've found in the initial screening.

Thorough fundamental research – Upon deciding to do further research, we use several sources to gain a complete picture of the company and its business. We review the annual reports and focus on the CEO's letter to shareholders to get a sense of the company's overall direction and focus. We read the securities filings and build a financial model to understand the underlying economics of

the business. We also perform an industry review to determine market growth rates and competitive threats. During this process, we build a list of questions to ask management, and meet with management. Finally, we try to get the “scuttlebutt” on the company by talking to our industry contacts and former employees of the company.
Compare potential investment with existing holdings – Next, we compare the potential investment against our existing holdings to determine if we have a greater level of comfort and /or a greater potential return in the new investment.

Implement investment idea – When we decide to act on an investment idea, we change our investment portfolios and begin to purchase the shares across client accounts.

Continual review of holdings – We constantly review our portfolio holdings to determine if the business franchises are getting stronger or weaker. We also monitor growth rates and expectations to ensure our holdings are performing as expected.

Sell discipline – Although we intend to have a long investment period with each of our investments, we don’t hesitate to sell an investment when we realize our capital is in danger. If a stock is breaking down and the explanation isn’t obvious, the market usually knows something we don’t. In this case, we try to reduce our position and reassess once we gather more information. We will also sell investments when we disagree with management decisions. Another reason to sell is the emergence of new competitive threats. However, our favorite reason to sell an investment is that we find a new investment that has a better risk/reward balance.

Risk of Loss

Investing in securities and derivatives involves risk of complete loss of investment.

The following is a brief summary of certain of the more significant risks associated with GCM’s investment strategies.

Investment and Trading Risk - An investment in an account managed by GCM involves a high degree of risk, including the risk that the entire amount invested may be lost. GCM invests in and actively trades securities and other instruments utilizing strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of the debt and equity markets (including distressed and high yield securities) and the risks associated with the use of derivatives, short sales, leverage and other instruments. GCM has broad discretion in making investments for the portfolios. Investments generally consist of US equity securities and other assets that may be affected by business, financial, market or legal uncertainties. There can be no assurance that GCM will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. No guarantee or representation is made that a portfolio’s investment objectives will be achieved.

Financial Industry Concentration - In the Gator Long/Short Financials Portfolio, GCM will focus and hold its largest concentration of investments within the financial services industry. Accordingly, the portfolios will be disproportionately affected by events affecting the financial services industry. Events affecting the financial services industry may include changes in economic conditions and interest rates. In addition, companies in the financial services industry may fall out of favor with investors, causing the portfolios to lose money or underperform the stock market or portfolios concentrated in other industries. Such concentration of investments may also increase the volatility of the value of the portfolio investments.

Highly Volatile Markets - The prices of the financial instruments in which GCM may invest can be highly volatile. Price movements of equity, debt and other securities and instruments in which a portfolio's assets are invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of government and national and international political and economic events and policies. Moreover, war, political or economic crisis, or other events may occur which can be highly disruptive to the markets, regardless of the strategies being employed. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instruments and derivative instruments. Such intervention often is intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction, because of, among other things, interest rate fluctuations. Each client is also subject to the risk of failure of any of the exchanges on which its positions trade or the failure of applicable clearinghouses. Sustained cyclical market declines and periods of unusual market volatility make it more difficult to produce positive trading results, and there can be no assurance that the funds' strategies will be successful in such markets.

High Turnover and Transactions Costs - GCM actively manages each portfolio. The turnover rate of an investment portfolio may be significant, potentially involving substantial brokerage commissions and fees and other transactions costs. In particular, a few of the investments made by GCM, including those that are not readily marketable, may involve higher bid-asked spreads than investments that are exchange-traded.

Valuation Risk - Valuation of each portfolio's investments (which will indirectly determine the amount of the Management Fee and the Performance Reallocation, as applicable) may involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, the value of each portfolio's shares could be adversely affected. In particular, independent pricing information may not at times be available with respect to certain of the portfolio's investments. Further, given the illiquid nature of some investments, the value of such investments cannot be determined with the same degree of certainty as the portfolio's other investments. Accordingly, while each portfolio will use its reasonable best efforts to value all of its investments fairly, certain investments may be difficult to value and may be subject to varying interpretations of value.

Reliance on Management and Financial Reporting - Many of the strategies implemented by GCM rely on the financial information made available by the issuers in those securities in which each portfolio invests. GCM may not be able to independently verify the financial information disseminated by the issuers in which GCM invests and may be dependent upon the integrity of both the management of these issuers and the financial reporting process in general.

Market Disruptions - Systemic Risk - Each client may incur major losses in the event of disrupted and/or illiquid markets and other extraordinary events in which historical pricing relationships become materially distorted, including through government intervention. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions caused by unexpected political, military and terrorist events or government intervention in the markets may from time to time cause dramatic losses for the portfolio, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. Risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, such that a default by one institution causes a series of defaults by other institutions. This is sometimes referred to as systemic risk. Systemic risk may adversely affect financial intermediaries, such as clearing agencies, clearinghouses, banks, securities firms and exchanges, with which the portfolios interact on a daily basis.

Leverage and Financing Risk - In the Gator Long Short Financials Portfolio, GCM may leverage its capital if GCM believes that the use of leverage may enable the Portfolio to achieve a higher rate of return. Accordingly, each portfolio may pledge its securities or instruments in order to borrow additional funds for investment and other purposes. Each client may borrow funds and enter into agreements in connection therewith and may also leverage its investment return with options, short sales, swaps, forwards, credit derivatives and other derivative instruments. The amount of borrowings which each client may have outstanding at any time may be substantial in relation to its capital. While leverage presents opportunities for increasing a client's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by a client would be magnified to the extent the fund is leveraged. The cumulative effect of the use of leverage by a client in a market that moves adversely to a portfolio's investments could result in a substantial loss to a client which would be greater than if a client were not leveraged. The use of leverage may create interest expenses for a client, which can exceed the investment return from the borrowed funds. To the extent the investment return derived from securities or instruments purchased with borrowed funds exceeds the interest a client will have to pay, a client's investment return will be greater than if leverage were not used. However, if the investment return from the assets acquired with borrowed funds is not sufficient to cover the cost of leveraging, the investment return of a client will be less than if leverage were not used.

Concentration - GCM may at certain times hold a few, relatively large (in relation to its capital) positions in securities or other instruments, with the result that a loss in any position could have a material adverse impact on the portfolio's capital. To the extent a client's investments are concentrated in a single issuer, industry, geographic region or any other applicable exposure, a portfolio will be susceptible to a greater degree of risk affecting investments in that issuer, industry, geographic region or any other applicable exposure than would otherwise be the case. Such concentration of investments may increase the volatility of the value of a client's portfolio investments.

Risk of Investing in Illiquid Investments - Certain of the investments made by GCM may be or become illiquid and involve a high degree of business and financial risk that could result in substantial losses. Because of the absence of active or regulated trading markets for these illiquid investments, and because of the difficulties in determining market values accurately, it may take GCM longer to liquidate these positions (if they can be liquidated) than would be the case for more liquid investments. The prices realized on the resale of illiquid investments could be less than those originally paid by a client. Further, companies whose securities are not publicly listed may not be subject to public disclosure and other investor protection requirements applicable to issuers of publicly traded securities.

Risk of Short Selling - A significant aspect of the Long/Short Financials Portfolio investment objectives and strategy involves seeking to profit from securities believed to be overvalued by entering into short sale positions, both directly and indirectly through the use of credit default swaps, options and other derivative instruments. When GCM effects a short sale for a client, it may be obligated to leave the proceeds of the short sale with the broker and also deposit with the broker an amount of cash or other securities (subject to requirements of applicable law) that is sufficient under any applicable margin or similar regulations to collateralize its obligation to replace the borrowed securities that have been sold. Short selling involves selling securities which are not owned by the short seller and delivering borrowed securities to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs, the costs of borrowing the securities and any interest or dividends on the securities that must be paid to the lender of such securities. The extent to which a client engages in short sales will depend upon GCM's investment strategy and opportunities. In certain cases, a short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to a client of buying those securities to cover the short position. There can be no assurance that a portfolio will be able to maintain the ability to borrow securities sold short. In such cases, a client can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Additionally, certain market participants could accumulate such securities in a "short squeeze," which would reduce the available supply, and thus increase the cost, of such securities. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Risk of Investing in Small Capitalization Companies - GCM may invest a portion of client assets in small and/or unseasoned companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification, and competitive strength of larger companies. In addition, the securities of companies with small capitalization may be traded only on over-the-counter markets or on regional securities exchanges. As a result, the securities of smaller companies may be subject to wider price fluctuations. When liquidating large positions in small companies, GCM may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small transactions over an extended period of time. GCM is well aware of the information flow surrounding such investments, and, as such, using a measure such as daily average volume may not be entirely appropriate. In addition, many of these securities exhibit "asymmetrical illiquidity" in that large positions are easy to sell but hard to find.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN GCM'S METHODS OF ANALYSIS AND INVESTMENT STRATEGIES USED IN FORMULATING INVESTMENT ADVICE, MANAGING ASSETS, OR INVESTING IN GENERAL.

Item 9 Disciplinary Information

Gator answered "yes" in its ADV Part 1 filing for Item 11 D.2 in 2012. The circumstances surrounding this answer are as follows; At the time, Gator was a Florida state registered investment advisor. Gator was fined $3,000 by the Florida Office of Financial Regulation for the untimely filing of its annual corporate financial reports for the years 2009, 2010 and 2011. The fine was paid through a STIP and Consent Agreement. Gator did not admit to or deny the findings of the State. This action did not involve investments in any manner, did not involve any clients of Gator, and did not involve any assets invested on behalf of any clients of Gator. All financial reports were filed and found acceptable by the state of Florida. Gator maintained its required net capital at all times as required by the state of Florida.

Item 10 Other Financial Industry Activities and Affiliations

Mr. Pilecki is a director of Gator Financial Partners Offshore, Ltd. He also serves as the President, Chairman of the Board, and interested trustee of the Caldwell & Orkin – Gator Capital Long/Short Fund.

In the future if a conflict were to arise, other than any possible conflict previously outlined in this document, with regard to our current or any new Financial Industry Activities or Affiliations, including the receipt of compensation from those new sources we would;

- Disclose in this section to you the existence of all material conflicts of interest, including the potential for our Firm and our employees to earn compensation in addition to our Firm's stated advisory fees;
- Disclose to you that you are not obligated to purchase recommended investment strategies from our employees or affiliated companies;
- Require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- Periodically monitor outside employment activities of our employees to verify that any conflicts of interest continue to be properly addressed by our Firm.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

The Firm has adopted a Code of Ethics, the full text of which is available to clients and prospective clients upon request. We have several objectives in adopting our Code of Ethics. First, we desire to comply with all applicable laws and regulations governing our practice. Our management has determined to set forth guidelines for professional standards under which all Access Persons are to conduct themselves. Our standards are designed to protect your interests and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with our clients. All Access Persons are expected to adhere strictly to the Code of Ethics, as well as to the procedures for approval and reporting we have established, primarily related to personal securities transactions and violations of the Code of Ethics. In addition, we maintain and enforce written policies reasonably designed to prevent the misuse of material non-public information by us or any person associated with us.

Participation or Interest in Client Transactions

Gator and its employees may buy or sell securities that are also held by clients. However, employees may not trade their own securities ahead of client trades. Employees must comply with the provisions of the *GCM Code of Ethics and Compliance Manual*.

Separate Account Clients and Affiliated Products

As previously noted herein, from time to time, GCM may recommend or introduce separate account clients to one of more of the GCM Advised Funds. Similarly, investors in one or more of the GCM Advised Funds may contact GCM about separate account management. GCM faces a potential conflict of interest in these cases, since either may result in a GCM Advised Fund investor also being a GCM separate account client. However, to address potential conflicts of interest and avoid double charging clients, GCM does not charge a separate account advisory fee on that portion of any client assets invested in GCM Advised Funds.

Personal Trading

The Chief Compliance Officer of the Firm, or their qualified designee, reviews individual securities transactions contemplated by employees in covered securities under our Code of Ethics and also receives and monitors employee brokerage statements each quarter. The monitoring of personal trading of Access Persons helps us ensure that we do not disadvantage clients of the firm as a result of the trading activities of our Access Persons.

Item 12 Brokerage Practices

Selecting Brokerage Firms

Specific custodian recommendations are made to Clients based on their need for such services. Gator may recommend custodians based on the integrity and financial responsibility of the firm and the best execution of orders, which among other things, includes executing transactions at reasonable commission rates.

For client accounts, Gator may recommend discount brokerage and trust companies (qualified custodians).

The Gator Private Funds use several prime brokers. The prime brokers hold the Gator Private Funds' cash, securities, and other investments in brokerage accounts.

Gator *DOES NOT* receive fees or commissions from any of these arrangements.

For client accounts held with qualified custodians trading is generally done where client assets are held. Trading fees charged by the custodians are reviewed on an annual basis. The Firm does not receive any portion of the trading fees.

Gator selects brokers for the execution of trades for some client accounts and the Gator Private Funds as allowed in the relevant investment management agreements. Purchases of securities through brokers involve a commission to the broker. Purchases and sales of securities from dealers serving as market makers include the spread between the bid and asked price.

In placing securities transactions with brokers, we seek to obtain best execution, which requires us to consider the circumstances of each specific transaction. In selecting a broker for each specific transaction, we will use our best judgment to choose the broker most capable of providing “best execution”. Brokers are selected based on our evaluation of the overall value and quality of the services provided by the broker. No one factor controls our decision. In seeking the best price and execution quality, we consider not only the commission rate, spread or other compensation paid, but also the price at which the transaction is executed, and numerous other criteria which may impact “best execution”, bearing in mind that it may be in the client’s best interest to pay a higher commission, spread or other compensation in order to receive better execution.

Our application and the importance of the various criteria we consider will vary depending upon the nature of the transaction, the asset class, the market in which it is effected, and the extent to which it is possible to select from among multiple brokers or dealers capable of effecting the transaction.

Soft Dollars

Research and execution products and services furnished by broker-dealers may be used in servicing any or all of the clients of the Firm and may be used in connection with accounts other than those which pay commissions to the broker-dealer providing the products and services. Gator intends that any research or execution products or services it obtains with "soft dollars" will be eligible types of research and/or brokerage products or services as outlined in the safe harbor of Section 28(e) of the 1934 Securities Exchange Act. The allowable research and execution products and services we may receive from soft dollars include, but are not limited to, fundamental research reports, current market data and news, technical and portfolio analyses, economic forecasting and currency and interest rate projections, historical information on securities and companies, tuition or attendance fees for research seminars, assistance in arranging company visits, news services, economic, political, or other data directly related to industry, or research on a specific security.

Gator and its affiliates, if applicable, may derive substantial direct or indirect benefits from the use of soft dollars as they may not otherwise have to produce, develop or acquire such research, products or services through the use of their own funds. Accordingly, the relationships with brokerage firms that provide soft dollar services may influence the judgment of Gator in allocating the brokerage commissions of its clients and could create a conflict of interest in using the services of those brokers or dealers to execute the portfolio’s brokerage transactions. Management fees paid by clients will not be reduced as a result of the use of any soft dollars.

Order Aggregation

Transactions for each client account are aggregated at each respective custodian or for trades in accounts with similar objectives and restrictions unless the firm decides to purchase or sell the same securities for multiple Firm clients at approximately the same time and from the same brokerage firm. Each client receives an average price for all trades placed at that custodian. For example, all client accounts at Scottrade are aggregated and traded together. To attempt to treat all clients fairly, we utilize a trade rotation policy which according to our policy rotates the order of the entities for whom we are placing trades. We pre-allocate all orders prior to execution.

Our Firm may but is not obligated to combine or batch orders with other clients. The process of combining these orders allows us to negotiate more favorable commission rates or execution terms. This process of combining orders allows us to equitably allocate trades among accounts. This may not be possible when orders for accounts are placed independently. This allows clients to receive the average price paid or received as well as to share in the purchase or sale pro-rata if an order is only partially completed. Our Firm will not receive any additional compensation as a result of aggregating these orders.

There are reasons we may choose not to aggregate an order. These include:

- Only a small percentage of an order is completed and thus the shares may be assigned to the account with the smallest order or position, or that is out of line with respect to a security or sector weighting.
- Allocations may be given to one account when that account has investment limitations which restrict it from purchasing other securities with are expected to produce similar investment results.
- If an account reaches an investment guideline limit and cannot participate in an allocation which may occur due to unforeseen changes in account assets after an order is placed.
- Sale allocations may be given to accounts that have low cash balances.
- When a pro rata allocation would result in a de minimus allocation in one or more accounts.
- In the case where a proportion of an order is filled in all accounts, shares may be allocated to one or more accounts on a random basis.

Our trade allocation policy seeks to allocate trades in a manner that treats all Gator clients fairly. From time to time, we may allocate trades and securities on a non-pro rata basis in order to rebalance accounts or portfolios and for other legal, regulatory, tax, accounting, business and practical reasons.

Item 13 Review of Accounts

Periodic Reviews

Account reviews are performed on a periodic basis. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a review are material changes in the tax laws, new investment information, and/or changes in a client's own situation as reported by the client.

Regular Reports

Although we may send correspondence to you on a periodic basis, we do not provide you with regular reports regarding your account. Instead, you should receive statements on at least a quarterly basis, and possibly more frequently, directly from your Custodian. You are encouraged to review your statements carefully. You must authorize and direct duplicate brokerage account statements to be distributed by your Custodian to us. We are in no manner responsible for the accuracy of information furnished by you, the custodian of your account, or any other third party, or for the accuracy of any record or report or the result of any action taken based on inaccurate information provided by any such third party.

We maintain appropriate records regarding our investment advisory activities consistent with our duties under applicable laws and regulations which are sufficient to accurately detail and evidence all of our activities with respect to your account.

Investors in the Gator Private Funds receive annual financial statements examined by the Gator Private Funds' independent auditors within 120 days after the end of each taxable year.

Item 14 Client Referrals and Other Compensation

Solicitors

The Adviser has and may continue from time to time to enter into agreements with third-party solicitors to whom we provide cash compensation for securing clients for us. Other than for pooled/collective investment vehicles such as the Private Funds or our proprietary mutual fund(s), these agreements require that the solicitor meet the disclosure and other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940 and that they comply with the requirement that each solicited client receive a copy of the solicitor agreement detailing the relationship between the solicitor and GCM. In addition, the solicitor must provide GCM's disclosure brochure, ADV Part 2A, as may be applicable. Both the solicitor agreement and the disclosure brochure, ADV Part 2A, must be provided to the client prior to or at the time of entering into an agreement with GCM, or before becoming an investor in a Private Fund.

The compensation paid to a solicitor may vary, is detailed in the solicitor agreement, and is generally based upon a percentage of the fees earned by the Adviser from clients solicited through such third-party solicitor. The payment of a cash solicitation fee to a solicitor will not increase the amount of management fees charged to a client.

GCM does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Item 15 Custody

Account Statements

For clients with separately managed accounts, all assets are held at qualified custodians such as banks or registered broker-dealers. The custodians provide account statements directly to clients at their address of record at least quarterly. These statements are considered the official record of your account and require careful review.

Gator Capital Management has custody of client funds in the following two cases:

- Through the deduction of advisory fees in select client accounts, and
- Through access to funds and securities in the Gator Private Funds.

The above two forms of custody are detailed below. In no other way, either directly or indirectly, does the Firm have custody of funds or securities. We do not accept delivery of client securities, e.g., stock certificates, stock powers, bonds, etc., or checks. We have procedures in place to deal with instances of "inadvertent custody" should they occur.

Deduction of Advisory Fees

Certain qualified custodians (e.g., broker-dealers) allow Gator to deduct advisory fees directly from client accounts. While technically custody, the Securities and Exchange Commission allows this form of payment for our services provided we have received authorization from you to perform such activity. If you have an account with one of these qualified custodians, we will ask, and you may authorize us, to debit fees directly from your account. This information generally is included in your written agreement with the qualified custodian. No less than quarterly, the qualified custodian is required to send you account statements indicating all amounts disbursed from your account, including the amount of any advisory fees paid to Gator.

The principal risk associated with this limited form of custody is that a fee will be deducted that we are not entitled to receive under the terms of your agreement with us. This risk can be mitigated by carefully reviewing the account statements your qualified custodian sends to you. If you would like a copy of your invoice from Gator, please contact our office at 813-282-7870.

Access to Funds and Securities in the Private Fund

For investors in the Gator Private Funds, GCM does not act as a qualified custodian, but nevertheless may be deemed to maintain custody due to its ability to direct client assets to pay legitimate expenses of the Funds. GCM will provide all Fund investors with annual audited financial statements prepared by a PCAOB (Public Company Accounting Oversight Board) independent accounting firm within 120 days of the end of each taxable year. The investors of the Funds also receive a monthly statement of the capital account value prepared by the Fund's third-party Fund Administrator.

Item 16 Investment Discretion

Discretionary Authority for Trading

Generally, all our accounts are discretionary in nature. We will request that we be given discretionary authority from the outset of our advisory relationship so that we may provide discretionary asset management services for your account(s). You may deny such authority. If that authority is denied or revoked in the future, we may, at our sole discretion, choose not to enter into, or terminate any advisory relationship with you.

When you agree to give us discretionary authority, we can place trades in your account without contacting you prior to each trade to obtain your permission.
Our discretionary authority includes the ability to do the following without contacting you:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

In all cases this discretion is to be used in a manner consistent with the stated investment objectives for your account.

When we select securities and determine the amounts of those securities to buy or sell, we will observe the policies, limitations or restrictions which you may have given us to follow.

You give us discretionary authority when you sign a discretionary investment management agreement with our Firm, and you may limit this authority by giving us written instructions in advance of entering into an agreement. You may also limit this authority, subject to our ability to terminate the agreement, at any time after entering into an agreement while that agreement remains in effect by once again providing us with written instructions. These limitations and other instructions will become a part of your permanent file.

Item 17 Voting Client Securities

Proxy Votes

It is the policy of Gator to vote all proxies with respect to proposals submitted for approval by shareholders of companies whose shares are held in our mutual fund and Gator Private Fund advised by the Firm. For Clients' assets held in separately managed accounts, Clients have the option to vote their own proxies or to delegate authority to GCM to vote the Clients' proxies.

When assistance on voting proxies is requested, GCM will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

Item 18 Financial Information

Financial Condition

GCM does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. A balance sheet is not required to be provided because GCM does not require prepayment of fees of more than $1200 per client six months or more in advance.

If we maintain discretionary authority for your account or are deemed to have actual or constructive custody of your assets or collect fees as described in the preceding paragraph we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations.

Our Firm has no financial circumstances to report. Additionally, our Firm has not been the subject of a bankruptcy proceeding at any time.