April 25, 2011

Dear Investors:

This is Gator Financial Partners, LLC's (the "Fund") 1st Quarter 2011 investor letter. I will review the Fund's investment performance during the quarter, discuss a few holdings that impacted performance, and explain the investment thesis for a few new positions. This quarter, I've added a new section which will provide some portfolio metrics and disclose the Fund's largest positions.

Review of First Quarter Performance

Gator Financial Partners had strong investment performance in the 1st Quarter. The Fund benefited from a large position in the preferred stocks of Fannie Mae and Freddie Mac and from several positions in small cap regional and community banks. Overall, most of the gains during the quarter came from long positions. Short positions produced a modest loss in absolute terms but added performance relative to the indices.

	2011 Q1	Total Return Since Inception	Annualized Return Since Inception
Gator Financial Partners	19.61%	211.21%	51.11%
S&P 500 Total Return	6.30%	10.19%	3.59%
S&P 500 Financials ETF	1.85%	-15.35%	-5.88%

The Fund's inception date was June 30, 2008. Past performance is not indicative of future results. Performance is presented net of fees and expenses. Please see Appendix A for additional disclaimers.

Positions Contributing to Performance

Given the strong performance during the quarter, the Fund held several positions that performed well. Positions like Ameriserv Financial (up 50% in the 1st Quarter), Capital One warrants (up 35%) and Oppenheimer (up 28%) were strong performers. By far, the most significant contributor to 1st Quarter performance was the Fund's long held position in the preferred stocks of Fannie Mae and Freddie Mac.

Freddie Mac and Fannie Mae Preferred Stock

The Fund has had positions in Freddie Mac and Fannie Mae (the GSEs) preferred stock since the two firms were placed into conservatorship in September 2008. The shares have been extremely volatile, but I have used the volatility to the Fund's advantage and have traded around a core position. In the first five weeks of the year, the various classes of Fannie and Freddie preferred stock rose in price from

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about 2% of face value to about 6% of face value. This tripling in value represented about half of the Fund's gain for the quarter.

There are several factors that contributed to the value increase in these positions:

1. Fannie and Freddie's financial results are improving - Both companies have improved their operations while in conservatorship. The new loans the companies have guaranteed in 2009, 2010 and going forward will be profitable. The problem vintages of 2005-2008 are being resolved and may be fully reserved for losses. In the meantime, the companies' mortgage investment portfolios have been very profitable and are throwing off $16 billion of cash per year at each company. I believe Freddie Mac will become profitable in 2011 and Fannie Mae is potentially within 2 years of turning profitable. I believe the regulators have acted wisely in how they've managed Fannie and Freddie through conservatorship. Once the companies turn profitable, the nature of the policy debate will change for the better.

2. Realization that continued existence of the GSEs makes the most sense - The Republican success in the election of 2010 makes full nationalization of Fannie and Freddie unfeasible politically. On the other hand, the private market is not capable of providing enough capital to keep the mortgage market functioning smoothly especially at the low prices Fannie and Freddie charge to accept mortgage credit risk. Evidence that the private market is not capable and/or willing to supply capital to the mortgage market is Fannie, Freddie and FHA's combined 95% percent market share of the mortgage market since 2008. The least risky option is to continue with the current system of the GSEs but impose tighter regulation on the companies to prevent bad management.

3. Recognition that Congress will not resolve the GSE issue soon - Rationality is returning to the GSE policy debate. Cooler heads are voicing their opinions that the GSE model is not broken. We are starting to see this point made from surprising sources such as Steven Roth's annual letter to Vornado shareholders. The problem with the GSEs wasn't their hybrid public/private model. The problem with the GSEs was incompetent management that did not recognize the danger of low documentation loans.

4. News that the GSEs asked the Treasury to reduce the coupon on its senior preferred stock – In late January, the Financial Times ran a story saying that management at both Fannie and Freddie asked the Treasury Department to reduce the 10% coupon it receives on its senior preferred stock. Freddie Mac may turn profitable this year even after paying over $6 billion in after-tax dividends to the Treasury. If the coupon rate was lowered, then Freddie could pay back the Treasury that much faster. Plus, the fact that management asked for the reduction confirms that the companies' financial situations are in the beginning stages of recovery.

Of course, there should be several important changes to the GSE model to protect taxpayers, such as: Fannie and Freddie should not purchase mortgage loans without full documentation of income and assets, should not purchase private label mortgage securities, should step back from the market when spreads are tight and new business cannot meet their return on capital targets, and should restrict executive compensation. A final necessary reform is a requirement that any member of the board of

directors be required to purchase an amount of common stock equivalent to a multiple of their annual directors' fees with their own cash. This would incentivize board members to provide better oversight of management. As a shareholder, I wish all of these changes had been implemented years ago.

As Freddie turns profitable and recaptures some of the capital that is artificially hidden in its accounting statements (marks on private label securities, valuation allowance on deferred tax asset and generous loan loss reserve), I believe the potential exists for them to repay some or all of the Treasury's investment. Once Freddie regains profitability and begins to repay the Treasury, a whole new set of policy options becomes available. These new policy options would be beneficial to preferred shareholders. It has been a long road owning Fannie and Freddie preferred stock, but the Fund has made a lot of money from the positions and the potential exists for future gains. Although these positions will continue to be volatile, I continue to see several scenarios with further upside.

Green Dot

I am short shares of Green Dot (GDOT) in the Fund. Green Dot's shares declined 24% in the 1st Quarter. The company targets unbanked consumers and provides them with a convenient reloadable card so they can participate in the cashless economy. The bull case for Green Dot is 1) pre-paid debit cards are a growth market because the number of unbanked consumers is growing, 2) Green Dot has agreements with a high percentage of the retailers focused on low-end consumers so they have the best distribution, and 3) pre-paid debit cards don't face regulatory risk. I believe this investment thesis is flawed for a few reasons.

1. Pre-paid Debit Cards are a Commodity Product – Every bank in the country can issue a pre-paid debit card. There is nothing proprietary about the product. Green Dot may continue to grow its volumes at high rates, but its margins will decline due to pricing competition. Competitors will compete on price and use their established brands like Western Union or U.S. Bank.

2. High Customer Churn – The average Green Dot customer uses their card for eight months. This high frequency of customer turnover shows that switching costs are low. Basically, Green Dot doesn't have strong hooks into its customer base. This allows competitors to pick-off Green Dot customers when they go to get a new card. As a basis of comparison, checking account customers of a typical bank stick around for 10 years.

3. Wal-Mart is their Largest Customer – In 2009, Green Dot signed a 5-year deal with Wal-Mart to provide the Wal-Mart's private label Wal-Mart Money Card. This deal accounts for over 60% of Green Dot's new card issuance. Green Dot pays Wal-Mart a revenue share as commission for cards it sells. Green Dot also gave Wal-Mart a 5% equity stake as an inducement to enter into the deal. When this deal comes up for renegotiation, Wal-Mart will squeeze Green Dot to improve its own economics. Even if Green Dot wins a renewal deal with Wal-Mart, its economics are going to get worse.

3. Pre-IPO Owners are Selling – The existing owners of Green Dot have been regular sellers of the stock. At the IPO last summer and in the secondary offering in December, all of the shares

sold came from existing shareholders. The company never raised any money even though the valuation of its stock is high. I expect insiders to continue to sell.

4. Valuation is Rich on a Questionable Pro-forma Income Statement – Even after the decline during this quarter, Green Dot's stock still trades at 28x 2011's estimated EPS. Based on Green Dot's guidance, sell-side analysts exclude both the equity compensation paid to Wal-Mart and the cost of employee option grants from Green Dot's estimated earnings. I believe these non-cash expenses are real costs to shareholders over time. Even if Wal-Mart doesn't get equity in the next negotiation, I can't imagine a scenario where Wal-Mart gets paid less if the deal is renewed.

I remain short Green Dot's stock in the Fund. I believe the short is even more compelling now then when I entered the position last fall. Green Dot's stock can no longer be considered a momentum stock, and it is easier to borrow the shares since the secondary offering was completed in December.

Positions Detracting from Performance

Of course, not every position in the portfolio performs as expected, but in the 1st Quarter there were few positions that actually hurt performance. I always want to discuss stocks that moved against me to stay balanced.

First Financial Bancorp Warrants

I have a position in the warrants of First Financial Bancorp which performed poorly during the 1st Quarter and cost the Fund about 70 bps of performance. First Financial is a commercial bank with operations in Ohio and Indiana. The bank performed better than peers through the recession and was positioned to make a couple of FDIC-assisted acquisitions. They made their FDIC-deals early in the cycle when pricing was very favorable. After repaying the preferred stock they issued as part of TARP, they allowed the Treasury to auction their TARP warrants to the public market. I bought my position in the Fall.

Due to the FDIC-assisted deals, First Financial's income statement is complicated because of the accounting for the FDIC guarantee on the purchased assets. The accounting literature requires the company to recognize changes in the expected lifetime benefit of the FDIC guarantee all in the current quarter. I believe this accounting treatment is obfuscating decent results at First Financial. As quarters pass, I believe the underlying earnings power of First Financial will become more evident, and the Fund will do well on its warrant position.

In last year's 3rd Quarter letter, I mentioned owning warrants in Comerica. I believe the long-term warrants issued by banks to the Treasury are attractive securities. I continue to own warrants issued by JP Morgan, PNC Financial, Capital One, Comerica, and Valley National.

Sample New Positions in the 1st Quarter

I started a few new positions during the quarter. In the space below, I profile three of these new positions: a long position in Morgan Stanley, a long position in Wintrust Financial, and a short position in Walter Investment.

Morgan Stanley

I started a new position in the Fund this quarter in Morgan Stanley. Morgan Stanley is a well-known company, but it seems to have disappeared from investors' radar. For the last 24 months, the stock has gone nowhere. During this time, the stock market has appreciated 50%. Specific to the company, it is in a much stronger position than 24 months ago having paid back TARP, spent two years integrating Smith Barney, and expanding its footprint in FICC. Plus, in the wake of *The Rolling Stone*-led backlash against Goldman Sachs, Morgan Stanley has become the go-to investment banker for the federal government. I think Morgan Stanley's stock is interesting at current levels.

Of Morgan Stanley's four basic businesses, three are very attractive with high margins, low capital intensity and defensible competitive advantages. These three businesses are Investment Banking, Retail Brokerage and Investment Management. The fourth business is Sales & Trading which is opaque, has high capital intensity, and is cyclical. However, this business does have some positive attributes such as it will grow with the global economy and has reduced competitive intensity since the industry consolidation in 2008.

My investment thesis for Morgan Stanley is a sum-of-the-parts valuation. I believe the catalyst to unlock this value will be earnings reports demonstrating that investors and analysts are too pessimistic about the earnings power of the company:

1. No Credit for Franchise Value of Three Great Businesses – Overall, Morgan Stanley is trading for 1x tangible book value, so investors are not assigning any franchise value to the company's Investment Banking, Retail Brokerage, and Investment Management businesses. Arguably, each of these businesses could run with little-to-no equity capital, and we could assign all of the equity capital to the Sales & Trading business. If I assign peer multiples to the first 3 businesses, I calculate each business worth about $8 billion coincidentally. If Sales & Trading were given a 1x tangible book value, the stock would be worth $41 or more than 50% upside.

2. Investment in Sales & Trading Franchise – Morgan Stanley has been making investments, such as hiring traders in its Sales & Trading franchise to increase market share and balance the sources of revenue. We've seen nascent results from this hiring such as in Q4 when Morgan Stanley outperformed Goldman Sachs in Fixed Income, Currency and Commodity trading (FICC). However, a large CDO loss in 2007, the recent losses from the MBIA credit hedges and the now recent trading losses in the Japanese joint venture all hurt investors' perceptions of this business. Using the values from the previous bullet point to back into an implied current valuation of the Sales & Trading business, I calculate investors assign Morgan Stanley's Sales & Trading business a valuation of 50% tangible book value. I disagree with this assessment. Investors are extrapolating Sales & Trading's recent low return on equity too far into the future. Either results will get better or management will dramatically shrink the capital intensity of this business.

3. Discount to Goldman is Too High – Morgan Stanley trades at 1x tangible book value while Goldman Sachs trades at 1.4x tangible book value. I believe this discount is too high. While Goldman may have higher returns currently and in the past, I do not think there is anything structurally different between the two businesses that would accord such a large premium for Goldman. If anything, Morgan Stanley has a more attractive business mix with its large ownership of the Morgan Stanley Smith Barney Joint Venture. The retail brokerage business is more stable and less capital intensive than the institutional brokerage business.

At some point in the coming market cycle, Morgan Stanley will garner a higher multiple because it will have improved execution in its Sales & Trading franchise. Plus, we seem to be on the verge of a new IPO-boom, and I expect Morgan Stanley to garner its fair share of underwriting assignments. In the meantime, I believe the company will continue to increase the franchise value of its Investment Banking, Retail Brokerage and Investment Management divisions.

Wintrust Financial

Wintrust is the bank holding company for a group of community banks in the suburban Chicago and Milwaukee markets. The bank was formed in 1991 by a group of experienced Chicago bankers when they formed Lake Forest Bank & Trust. They have grown the company by starting nine de novo banks and purchasing 12 other existing banks. After consolidating some of the acquisitions, the company owns 15 banks with 87 total branches. Each of these banks is used as a growth platform to grow loans and deposits in their respective communities. Here is my investment thesis for Wintrust:

1. Organic Growth – Wintrust has one of the best track records in the banking industry for organic loan and deposit growth. Since its formation, Wintrust has focused on taking market share from the large banks in Chicago. The company focuses on providing a better customer experience by providing a local relationship banker. Wintrust expects each of its 15 banks to grow loan balances by $75 million in 2011.

2. Valuation is Low Historically and Low Compared to Peers – Wintrust trades at about 140% of tangible book value. From 2001 until the credit crisis hit in 2007, Wintrust traded between 215% and 360% of tangible book value. As the company's credit costs decline and the bank's earnings power is realized, I expect the valuation to reach at least 200% of tangible book value. Wintrust trades in-line with many of its peers who have lower growth rates. Some analysts will point to Wintrust's more expensive Price-to-Earnings multiple, but I believe these analysts underestimate the earnings power of Wintrust.

3. Earnings Power is Underestimated – Wintrust has more earnings power than most investors believe. The two sources of their earnings power are lower credit costs and redeploying their excess liquidity into higher yielding assets. Most analysts correctly forecast the benefit of lower credit costs, but they underestimate the power of excess liquidity. WTFC has $2.5 billion of excess liquidity. If the bank redeployed $1.5 billion into assets yielding 5%, it would add $1 after-tax earnings per share. There are additional boosts to earnings power through lower FDIC assessments and the eventual paying of dividends by the FHLB of Chicago.

4. Opportunistic Acquisitions – In the current environment, Wintrust is able to make opportunistic acquisitions. In the last 12 months, Wintrust has bought five failed banks through FDIC-assisted transactions. Additionally, Wintrust bought an insurance premium finance operation from AIG in a distressed sale in 2009. The FDIC deals are attractive because they drastically reduce the credit risk of the acquired bank through an FDIC guarantee of the assets, and Wintrust is able to acquire the deposits for either a very low or zero premium. Wintrust may also take advantage of the low valuation bank stock environment to purchase a whole bank in an unassisted deal, but there are probably 20 banks in the Chicago area that may be sold through FDIC-assisted deals in the next two years before Wintrust would need to consider a whole bank acquisition.

5. Credit Quality is Manageable – Wintrust's credit quality has outperformed its peers through the recession. As early as 2006, Wintrust pulled back from loan growth because they wouldn't lower the credit underwriting guidelines. This conservatism kept credit quality reasonable.

I bought Wintrust because I thought the valuation was compelling given the organic growth capabilities of the bank. I believe there are several drivers to a higher stock price: continued organic growth, additional low cost acquisitions, Wintrust's stock re-rated higher compared to peers due to higher growth, and bank stocks generally getting re-rated higher due to lower credit costs.

Walter Investment

I started a short position in Walter Investment during the last week of the quarter when they announced a huge unexpected acquisition. Walter Investment was successfully spun-off from Walter Energy in early 2009. The company operates a sub-prime mortgage servicing business that had been an affiliate of its former parent's home building division. Walter closed the home building division prior to the spin-off. Walter Investment's servicing platform has a good system for collections, and the company had always retained its own loans, so underwriting stayed strong compared to the rest of the industry.

Since the spin-off, the company had been looking for a way to grow. Because Walter had closed down its home building business and lending platform, the company did not have a natural way to originate or add loans to its servicing platform. The existing portfolio of loans throws off attractive but declining cash flows, so Walter pays an attractive dividend but cannot increase it. The company's strategic plan had been to purchase small portfolios of mortgage loans from distressed banks in the Southeast to grow its portfolio of loans. Management thought they could find some bargain portfolios to purchase and use their strong mortgage servicing platform to rehabilitate the purchased mortgages.

Although it had completed a small deal or two in this area, late in the 1st Quarter, the company announced the very large acquisition of Green Tree Credit Solutions, which owns a mortgage servicing portfolio and platform focused on special servicing of problem mortgages. Special servicing is a high-touch servicing of delinquent loans. In its investment presentation, Walter points to the growth of special servicing business and the large earnings per share accretion in the deal as compelling reasons for the acquisition. I believe Walter is making a poor strategic and financial decision by acquiring Green Tree. Here's my short thesis:

1. Buying Green Tree at the Peak of the Cycle – The special servicing business has grown as the balance of outstanding delinquent mortgage loans has grown. However, we are seeing delinquencies decline industry-wide as the flow of newly delinquent loans slows. Walter's own investment presentation shows slowing growth of the addressable market as the flow of new mortgage delinquencies declined from $1.9 trillion in 2009 to $1.7 trillion in 2010 and is projected to further slow to $1.4 trillion in 2011, $1.0 trillion in 2012 and $0.8 trillion in 2013.

2. The Acquisition creates Massive Book Value Destruction – Walter's management team points to the earnings accretion from the deal, but the book value destruction of the deal is devastating. Walter's current tangible book value is $21.54 per share. I estimate that the book value will drop close to zero per share. The payback of book value from the earnings accretion will be 15-20 years.

3. Sellers are Taking 97% of Deal in Cash – The current owners of Green Tree do not see the value of holding a stake in the combined entity. Instead, they are willing to pay taxes to get cash now. I suspect they see their growth slowing and are happy to walk away with a decent multiple on peak earnings for a very cyclical business.

4. Green Tree's platform duplicates Walter's existing platform – Walter gains close to nothing with this acquisition because Green Tree's servicing platform is so similar to Walter's existing platform. Plus, the expense synergies are almost completely wiped out by higher taxes as Walter moves from a REIT to a C-corp.

Walter is trading at only 7x pro forma earnings, so the stock is inexpensive if I am wrong that these are peak earnings for Green Tree. However, Walter's management is buying upwards of $1 billion worth of intangible assets on a $500 million equity base. The margin for error here is low with little downside protection.

Portfolio Analysis

This is a new section of the quarterly letter. It should give you more insight into the Fund's holdings and portfolio positioning. All data is as of March 31, 2011.

Largest Common Equity Positions

Long	Short
Newcastle Investment	Renaissance Re
Virtus Investment	Blackrock
PNC Financial	Boston Properties
JP Morgan Chase	Equity Residential
Oppenheimer Holdings	Lender Processing

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

Industry Weightings

Below is a table showing the Fund's positioning within the Financials sector:

	Long	Short	Net
Asset Managers	11.2%	-7.4%	3.8%
Broker Dealers	6.6%	-0.9%	5.7%
Large Banks	17.1%	-23.9%	-6.8%
Small Banks	27.9%	-14.1%	13.8%
Non-Bank Lenders	16.7%	-2.5%	14.2%
Real Estate	0.0%	-6.3%	-6.3%
Life Insurance	2.5%	-1.5%	1.0%
P&C Insurance	0.9%	-11.4%	-10.5%
Financial Processors	0.0%	-2.9%	-2.9%
Non-Financials	6.4%	-0.9%	5.5%
Total	89.2%	-71.9%	17.3%

As you can see from the table, the Fund has net long exposure to Asset Managers, Broker Dealers, Small Banks and Non-Bank Lenders. The Fund has net short exposure to Large Banks, Real Estate and Property & Casualty Insurance.

The Fund's gross exposure is 161% and its net exposure is 17%. Ninety-five percent of the Fund's positions are in Financial-related companies. From this table, I exclude fixed income instruments such as preferred stock.

Organizational Changes

There were no organizational changes during the 1st Quarter of 2011.

Marketing

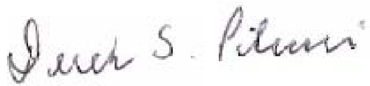
The Fund has capacity for additional investors. I have been meeting with potential investors to explain the Fund's strategy and holdings. I have found the best investors for the Fund come from referrals made by existing investors and colleagues. If you know someone who may be interested in learning more about the Fund, please call me to arrange an introduction. I appreciate your help in growing my business.

Conclusion

In the first quarter, the Fund delivered strong performance. I am looking forward to the potential opportunities the rest of 2011 will bring. Thank you for entrusting me with a portion of your wealth. I remain the Fund's largest investor with more than 50% of my liquid net worth invested in the Fund.

As always, I am available by phone whenever you want to discuss the Fund 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 to 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 that 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 2010 is estimated and unaudited.

The inception date for Gator Financial Partners, LLC was June 30, 2008. The performance data presented on the first page of this letter for the market indices under "since inception" is calculated from June 30, 2008.

The market indices shown on the first page of this letter have been selected for purposes of comparing the performance of an investment in the 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 and 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 the 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 CAPITAL MANAGEMENT

Gator Financial Partners, LLC

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	S&P
2011	14.03%	9.26%	(4.00%)	-	-	-	-	-	-	-	-	-	19.61%	6.30%
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%	15.06%
2009	22.60%	7.00%	19.23%	11.00%	17.19%	20.93%	7.9%	15.28%	(0.50%)	(12.63%)	(0.87%)	8.65%	186.31%	26.46%
2008	-	-	-	-	-	-	(1.89%)	(7.24%)	(21.90%)	16.63%	(7.93%)	11.02%	(15.26%)	(28.48%)

Fund Overview

Gator Financial Partners, LLC is a long/short equity hedge fund focused on companies in the Financials sector. The Fund is designed to produce superior investment returns that are independent of the Financials sector direction.

The Fund builds both its long and short positions by performing intensive bottom-up fundamental research. The Fund favors small companies and companies with less research coverage from the sell-side.

Derek Pilecki is the Portfolio Manager of the Fund.

Performance Statistics

	GFP	S&P
Average Annual Return	82.33%	3.72%
Average Monthly Return	6.86%	0.31%
Average Monthly Gain	10.78%	4.27%
Highest Monthly Return	22.60%	9.57%
Lowest Monthly Return	(21.90%)	(16.68%)
Monthly Compounded Return	3.65%	0.30%
Ann. Compounded Return	53.75%	3.61%
Cumulative Return	226.42%	10.24%
Profitable Percentage	63.6%	66.7%
Max Drawdown	(28.92%)	(42.62%)

Quantitative Statistics

	GFP	S&P
Annualized Return	53.75%	3.61%
Standard Deviation	37.17%	19.39%
Sharpe Ratio	1.33	(0.13)
Sortino Ratio	2.07	(0.28)
Downside Deviation	20.67%	4.60%

Correlation to Benchmark

	S&P 500
Alpha (annualized)	**61.36%**
Beta	**0.46**
R^2	**0.07**

Disclaimer

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Fund Structure

Fund Description	Long/Short Equity Financials focus
Date Launched	June 30, 2008
Contributions	Monthly
Organization	Delaware LLC
Management Fee	2%
Incentive Allocation	20%
High Water Mark	Yes
Fund AUM	$3.5 million
Firm AUM	$8.2 million
Redemptions	Monthly, no lock-up
Minimum Investment	$500,000

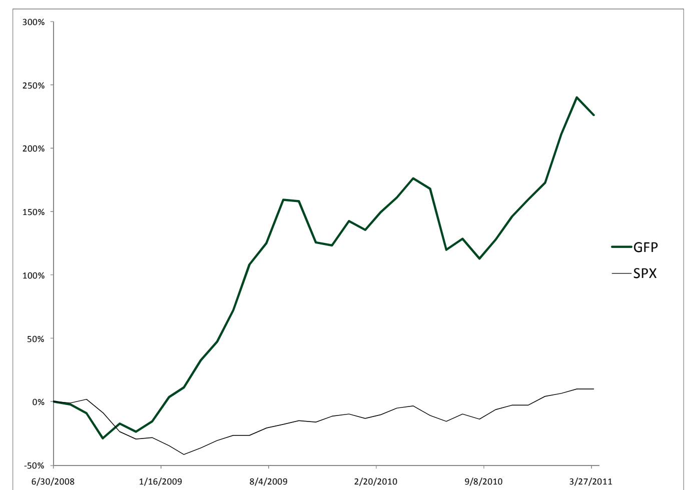
Service Providers

Administrator	Cortland Fund Services
Prime Broker	Interactive Brokers, LLC
Legal Counsel	Shumaker Loop
Auditor	Kaufman Rossin

Target Portfolio Guidelines

Initial Position Size – L/S	2-4% / 1-2%
Net Exposure Target	25% net short to 25% net long
Gross Exposure Target	Less than 200%
# of Positions – L/S	40-50 / 40-60

NAV Growth Since Fund Inception



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Appendix C
Review of the Gator Financial Partners Strategy and Goals

The Fund is a long/short equity fund focused on the Financials sector. I use bottoms-up fundamental analysis to make investments and build the portfolio, one stock at a time. I attempt to own (or go long) undervalued securities and sell short securities that are overvalued. I generally keep the Fund close to market neutral (+/- 25% net exposure) because I believe returns from stock selection will 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 will probably 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 companies with significant (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 Financials 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: "I swing for the fences when I believe the odds are in my favor.") I run the Fund with a concentrated portfolio for several reasons. I believe a concentrated portfolio creates discipline in weeding out bad ideas. Another benefit of a concentrated portfolio is a focus on 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 appropriate size, we will 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 I will be out of sync with the market. Please do not expect the Fund to produce steady returns; instead, I 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); I 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. I disclose the entire portfolio to current investors upon request and to prospective investors prior to investment. The Fund has hired independent auditors, Kaufman Rossin based in Miami, who specialize in hedge funds for the Fund's annual audit. The Fund has also hired an independent third-party administrator, Cortland Fund Services based in Chicago, for fund accounting. As an additional financial control, I cannot authorize a release of money from the Fund's checking account at JP Morgan unless Cortland also approves the withdrawal. I want to continue to improve the Fund's structure and terms to remain investor friendly. If you have suggestions, please contact me.

I do offer separate accounts with a $5 million minimum. While I prefer investors to invest directly in the Fund, I will invest separate accounts *pari passu* with the Fund. Some investors prefer a separate account so that they have direct control over their money. The trade-off is that a separate account imposes a greater accounting and tax reporting burden on the client. Whether my investors come through the Fund or through a separate account, I feel strongly that the money is the investor's money, the investor has given me 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.