GATOR
CAPITAL MANAGEMENT

July 19, 2011

Dear Investors:

This is Gator Financial Partners, LLC's (the "Fund") 2nd Quarter 2011 investor letter. The Fund had solid performance in the 2nd Quarter. In this 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 couple of new positions. In the final section of the letter, I update the Fund's current net exposure and positioning by sub-sector. I also update the Fund's largest long and short common equity positions.

On June 30th, the Fund reached its three-year mark. Since I launched the Fund ten weeks before Lehman Brothers failed, it has been a volatile period in the financial sector. This volatility has provided opportunities as many other investors have shunned the sector. I have been able to convert the opportunities into good performance and have built a solid start to the Fund's track record. In fact, the performance has been so good that according to hedgefund.net's database of approximately 2,000 funds, Gator Financial Partners was the #3 best performing U.S.-based hedge fund over the three years the Fund has been in existence.

Review of Second Quarter Performance

Gator Financial Partners had solid investment performance in the 2nd Quarter with a gain of 9%. The Fund continued to benefit from a large position in the preferred stocks of Fannie Mae and Freddie Mac. The Fund had solid contributions from several short positions. Plus, the Fund benefitted from the low net exposure during the quarter. Finally, we avoided some of the worst performers in the financial sector. The overall financial sector performed poorly during the 2nd Quarter on a combination of European sovereign debt fears, legacy risks at mortgage banks due to Reps & Warranties, and a slow capital markets environment.

	2011 Q2	2011 YTD	Total Return Since Inception	Annualized Return Since Inception
Gator Financial Partners	9.13%	30.52%	256.19%	52.72%
S&P 500 Total Return	0.10%	6.02%	10.35%	3.34%
S&P 500 Financial Sector	-6.27%	-3.68%	-23.65%	-8.60%

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

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The Fund held several positions that performed well in the Quarter. I am going to review in more detail two contributors to the Fund's performance this quarter: the Fund's short position in Artio Global Investors (down 30%) and its long position in Herald National Bank (up 75%).

Similar to the 1st Quarter, the most significant contributor to 2nd Quarter performance was the Fund's position in the preferred stocks of Fannie Mae and Freddie Mac. I am not going to review this position again this quarter other than to say Freddie Mac's earnings report in early May was the catalyst that drove the position higher during the quarter.

Artio Global Investors

I shorted the shares of Artio Global Investors beginning in the Fall of 2010. Artio is the former U.S.-based mutual fund business of Jules Baer, the Swiss bank. It became a public company when Jules Baer split-off Artio through an IPO in 2009. Most of Artio's assets under management are in two international equity mutual funds with great long-term track records; however, the recent performance of these funds has lagged their benchmarks. Investors have been pulling money out of these funds. The high level of outflows drove shares of Artio down 30% during the 2nd Quarter.

The bull case for Artio is that the stock is cheap in absolute terms and the long-term track records of Artio's international funds continue to be attractive. While I agree with both of these points, I believe they are overwhelmed by the problem of the current heavy outflows. Due to a fixed cost operating model, asset managers have operating leverage which is great with rising stock markets and net fund in-flows to investment products. However, as wonderful as operating leverage is on the upside, it can be equally as penalizing on the downside. With Artio's outflows running at 15% organically, the pressure on the company's bottom line is tremendous. In addition, the recent underperformance of Artio's main products means the fund out-flows will continue for the foreseeable future.

Asset management is a great business, but the intangible nature of the business can work against an asset management company when strong investment performance is the company's only competitive advantage. Asset management is a great business because of the recurring revenue, the high margins, and the naturally embedded growth with a rising stock market. Asset managers, like Franklin Resources and T. Rowe Price, with diversified product portfolios and strong distribution systems can be great stocks for decades. However, many asset managers have assets under management concentrated in a few products and good investment performance as their only competitive advantage. Their businesses and stocks suffer greatly when performance inevitably lags in these products. This is Artio's current problem. Their main strength is the long-term investment track record in the international equities funds, but their current and prospective investors are more focused on the lackluster performance on a year-to-date, a 1-year, and a 3-year basis. As long as the fund outflows continue at the current pace, I'll maintain the short position.

Herald National Bank

In previous quarters, I've written about the opportunity in community bank stocks. In late 2010, I focused much of my research effort on this segment of the market due to the poor performance of community banks in 2010. I found that there was not much differentiation in the valuation between

community banks that had reasonable credit quality and strong capital levels and other community banks that appear hopeless and may eventually fail. I purchased small positions in about fifteen of the banks with stronger credit quality. At the time, their price-to-tangible book values ranged from 33% to 60%. I figured that sometime over the next three to five years, these companies would trade back to at least tangible book value and provide returns of 66% to 200%. It is possible that we'll enter a bank M&A cycle like 1993-97 or 2003-07. If so, the potential valuations could get as high as 1.5x to 2.0x tangible book value for these banks.

One of the banks in which I purchased shares in late 2010 was Herald National Bank. Herald National was trading for 60% of tangible book. Since the bank was a start-up in 2008, it did not have problems with its loan book. The credit environment had changed before they ramped up their lending operations. Herald's Texas Ratio was only 1%. *{The Texas Ratio was developed by Gerard Cassidy of RBC Capital Markets during the S&L Crisis in the late 1980s. Cassidy wanted to figure out which bank in Texas was next to fail. He developed the Texas Ratio and said banks with Texas Ratios above 100% were likely to fail. The formula for the Texas Ratio is* Non-Performing Assets / (Loan Loss Reserve + Tangible Common Equity)*}*. With only a 1% Texas Ratio, Herald's credit quality was sound. The low valuation was probably due to the small market capitalization and the stock not being seasoned or well known.

Herald's share price increased during the 2nd Quarter because on June 1st, Herald's management announced that they sold the bank to Miami-based BankUnited for 130% of tangible book value. BankUnited is going to use Herald National as a platform for their expansion into the New York City market. I sold the Fund's shares because the merger will close before our gains go to long-term status, and there is some risk the deal may not close because BankUnited's CEO, John Kanas, still has a non-compete with Capital One which prevents him from running a bank in the New York area until 2012. [Note: Just this past Thursday, there was a news report that Capital One had sued Kanas for violating his non-compete clause with the BankUnited purchase of Herald.] The Fund still holds most of the other community bank positions that I purchased in late 2010. The prices have moved higher since the initial purchases, but I expect additional gains from these positions. I continue to do research on additional community banks because there is still significant opportunity in the sector.

Positions Detracting from Performance

Of course, not every position in the portfolio performs as expected. Unfortunately, all three of the new positions highlighted in my last letter (Morgan Stanley, Wintrust Financial & Walter Investment) were negative contributors in the 2nd Quarter. I continue to hold all three positions and have added to the Morgan Stanley and Wintrust positions. Another position that hurt performance was a position in PNC Financial. In this section, I review my investment thesis in PNC and explain why the shares underperformed during the quarter.

PNC Financial

The Fund has a position in the warrants of PNC Financial which under performed during the 2nd Quarter and cost the Fund about 80 bps of performance. PNC is a large regional bank headquartered in Pittsburgh with operations in the Mid-Atlantic States, the Midwest and Florida. The company is

conservatively run and performed better than average through the Financial Crisis. I bought the position for the Fund in May 2010.

My investment thesis for PNC was and still is relatively simple: bank stocks as an industry will perform well going forward and among bank stocks, PNC is positioned to outperform the industry. Generally, bank stocks as an industry are positioned for strong performance from a cyclical standpoint. Valuations are historically low. Problem loans have peaked across the industry. Historically, banks and bank stocks have done well in the early stages of an expansion. Plus, banks should have attractive loan growth with the continued shutdown of the loan securitization market on Wall Street.

Among bank stocks, PNC is attractive. It is a high-quality, conservatively-run regional bank. It trades for just 1.3 times tangible book value. The acquisition of National City Bank at the height of the Financial Crisis was one of the great bargain purchases from that time period. The Nat City deal expanded PNC's branch system throughout the Midwest. PNC has been able to increase the productivity of the former Nat City branches with its better products and management structure. Plus, the hugely discounted purchase price for Nat City more than offset losses from the bad loans in Nat City's portfolio. Now, PNC is internally generating capital at a high rate. PNC is under earning due to its conservative interest rate positioning. If the Fed Funds rate rises to just 2%, it could add as much as $1.50 to PNC annual earnings per share or 25%. Finally, PNC could trade between 2.0x and 2.5x tangible book if investors get more confidence about the economic environment and about the prospects for loan growth at banks.

The story with PNC during the quarter was the announcement of PNC's purchase of RBC's U.S.-based bank (RBC USA). RBC USA has a branch network located in some fast growing states like NC (#5 market share), AL (#6) and GA (#9) and $19 billion in loans. The deal expands PNC's footprint into these states at a slight discount to book value prior to purchase accounting marks on RBC USA's loan portfolio. After adjusting for the purchase accounting marks, PNC is paying about 1.26x book value.

Although the market did not react favorably to PNC's purchase of RBC USA, I like this transaction for several reasons:

1) It expands PNC's branch footprint with low financial risk,
2) Assuming that PNC is accurate with its purchase accounting marks, it should not have any further losses from RBC USA's loan portfolio,
3) There is potential upside to the deal if PNC can make RBC USA's branches more productive with its superior corporate cash management and consumer deposit products,
4) PNC should be able to have better success larger corporate clients in the RBC USA footprint because RBC's commercial bankers had no incentives to sell capital markets solutions to their large corporate clients and prospects,
5) The deal gives PNC the ability to invest more capital into loans at a time when loan growth is tough to find,
6) The deal doesn't close until 1st Quarter of 2012, so PNC will be able to implement most of the expense reduction prior to closing,
7) The purchase price will be adjusted to account for losses, if any, over the next three quarters prior to the deal closing; and,
8) PNC will be able to leverage its infrastructure and headquarters costs over a larger branch system.

Other investors were disappointed with the deal for different reasons. Some investors expected that PNC was on the verge of announcing a large stock repurchase, so the deal eliminates the chance of a large buyback announcement. While there will not be a large near-term stock buyback announcement, I disagree that share repurchases are the best use of capital at the moment for PNC. I'd rather have management take advantage of the current low-priced M&A environment to expand the bank's franchise. Other than organic loan growth, the best way for PNC to create shareholder value is to make low-priced acquisitions like the RBC USA deal. I believe that PNC can earn returns in the mid-to-high teens in their core banking business.

Another reason investors don't like this transaction is that they calculate the payback period to be sixteen years based on financial guidance given by PNC. To calculate this payback, investors make the simplified assumption that PNC's tangible book value declines by $1.66 due to the deal and the deal is ten cents accretive to PNC's EPS, so it takes sixteen years to earn back the dilution. I disagree with this analysis because the ten cents accretion is just the estimated accretion to PNC's 2013 earnings. There is another possible 17 cents in accretion if PNC is able to get the revenue synergies they think are possible by cross-selling their superior product portfolio into the RBC USA customer base. Then, there is the possibility of additional accretion from higher interest rates, which I calculate could be another 23 cents. With these two additional sources of accretion, the payback for this deal moves from 16 years to three years, which is obviously more attractive.

Yet another reason investors don't like the deal is the prospect of PNC issuing $1 billion of new common shares. There are two reasons investors misunderstood management on this issue. First, as part of the acquisition agreement, PNC has the right to issue the $1 billion of stock to Royal Bank of Canada at $59 per share. This is effectively a nine month $1 billion put with a $59 strike that RBC has given to PNC. My calculation of the value of this put at the time of the deal announcement was $110 million. Because PNC has this option to issue stock to RBC Canada does not mean they will definitely issue common shares to fund the deal. Second, given the current regulatory environment with bank capital, PNC management was not in a position to say publicly that the bank doesn't need to raise capital to complete the deal. If management had said they didn't need to raise capital, it would have been premature because the bank's regulator has final authority on the capital levels. I am confident as PNC continues to generate excess capital as we approach the deal's closing, that management will demonstrate to the regulators that they don't need to issue the common stock to complete the deal. I am less concerned with these three criticisms of the deal; instead, I like the RBC USA acquisition because it enhances PNC's franchise in a low cost manner. I continue to maintain the Fund's position in PNC despite the performance in the quarter.

New Positions in the 2nd Quarter

I started a few new positions during the quarter. In the space below, I profile two of these new positions: a long position in Citigroup and a long position in Peerless Systems.

Citigroup

I started a new position in the Fund this quarter in Citigroup. I believe the bank is an interesting stock at recent levels. It has a tangible book value of $48.75, but trades below $40 or about 80% of tangible book value. It trades at this discount to book value in spite of reporting profits, having credit metrics that are improving rapidly, potentially returning tens of billions of dollars of excess capital to shareholders within the next 12 months, and improving its business mix.

As Citigroup exits non-core businesses and run-off portfolios, the capital currently supporting these assets will be freed up and will become excess capital. Management has separated its non-core businesses into a segment called CitiHoldings. Citigroup currently has $30 billion in capital supporting the CitiHoldings segment. As this $30 billion in capital is released, I expect management to use it to repurchase Citigroup's shares. With the current low valuation of the stock, repurchasing shares would enhance tangible book value per share.

After exiting most of the assets in CitiHoldings and hopefully shrinking the outstanding share count substantially, I believe that investors will be attracted to the remaining Citigroup businesses which are currently in the Citicorp segment. These three businesses are the global retail bank, the corporate bank and institutional securities unit, and the transaction processing business. I believe these remaining three businesses are all good franchises and have the ability to produce attractive growth and returns for shareholders. The corporate structure will be much simpler to understand and analyze. Eventually, I believe Citigroup will not trade at a discount to book value. Given the global nature of the franchise, it is even possible for Citigroup to have growth rates and returns higher than its peers. This could potentially lead to a premium valuation for the shares.

With Citigroup's stock trading at a substantial discount to tangible book value, credit metrics improving, and the bank having substantial excess capital, I am comfortable owning Citigroup at current levels. I believe the stock is being ignored by investors because the financial sector is out of favor, Citigroup had three different bailouts by the government, and big financial institutions are difficult to analyze. I believe the low valuation and the amount of excess capital provide a more than adequate margin of safety.

Peerless Systems

On the other end of the company size spectrum from Citigroup, I purchased a new position in Peerless Systems for the Fund during the quarter. Peerless is a micro cap company with three interesting attributes: 1) It holds more net cash on its balance sheet than its market capitalization, 2) it has a profitable albeit declining business, and 3) the CEO, Timothy Brog, has a background as an activist value investor and has made several savvy financial maneuvers in the recent past that give me confidence that he'll be able to use the company's cash to create additional shareholder value.

An investment in Peerless appears to be a free option on Brog's ability to create shareholder value. Brog became Chairman at Peerless in 2007 after starting a proxy battle for a board seat. Prior to Brog becoming Chairman, Peerless had squandered about $75 million through wasteful R&D spending. Since becoming Chairman, Brog stopped the spending and has steadily managed to extract cash flow from Peerless's declining business.

In 2009, Brog generated additional profits for Peerless through an activist investment in Highbury Financial. Brog used Peerless's cash to accumulate a stake in Highbury at extremely attractive prices. At the time, I coincidentally owned a position in Highbury and had posted my investment thesis on Highbury to SeekingAlpha. Brog pressed Highbury's management team to pay a special dividend to shareholders instead of making an acquisition as management desired. A few months later, management sold the company to Affiliated Managers Group for a price approximately 300% higher than Brog's initial share purchases of Highbury less than 12 months earlier.

Brog continued to create shareholder value at Peerless in late 2010 with a Dutch tender offer for most of the shares. After liquidating the company's stake in Affiliated Managers Group, Peerless had about $55 million in cash on its balance sheet and 16 million shares outstanding, or $3.46 per share. The company repurchased 13.2 million shares at $3.25 in the Dutch tender. The result of the tender combined with additional cash flow from the business, increased the cash per share to $3.70. Importantly, the share count declined dramatically from 16 million to 3.4 million, so any future cash flows from the existing business will make a greater impact to shareholder value. This is a small but important point. If the existing business or any new business throws off $1 million a year for five years, the cash balance will increase $1.47 per share with just 3.4 million shares as opposed to $0.31 per share with 16 million shares. While this may not sound like much, it is a potential of an additional 31% return over five years.

The existing business of Peerless has been in steep decline, but it still generates a little cash. Peerless holds the patents on a few pieces of imaging technology that are important for manufacturers of copiers. The business generated operating profits of $1.8 million in the last four quarters. I expect Brog to continue milking this business while he finds a way to create additional shareholder value. He owns approximately 14% of Peerless's outstanding shares.

Late in the 2nd Quarter, Peerless issued a press release which helps to clarify how Brog will create additional value for Peerless shareholders. In the press release, Peerless announced that the company will attempt to form and sell shares in a new closed-end fund managed by a subsidiary of the Company. Drawing on Brog's activist experience at Peerless and Highbury, the closed-end fund will take an activist approach to investing. The offering is still in its early stages, so we don't know the potential size of the closed-end fund and how much revenue it will generate for Peerless. However, we do know that as an inducement for investors to purchase shares in the fund, they will be given warrants in Peerless with a strike at $5. While this could be viewed as dilutive to our stake, I think the path for Peerless's shares getting to $5 will be much clearer if Brog is able to complete the offering of the closed-end fund. The stock closed the quarter at $3.63.

Portfolio Analysis

Below are the Fund's largest common equity long and short positions. All data is as of June 30, 2011.

Largest Common Equity Positions

Long	Short
Primerica	Walter Investment

Virtus Investment
Newcastle Investment
Peerless Systems
Xenith Bankshares
Blackrock
Equity Residential
Mercury General
Marsh McLennan

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

Sub-sector Weightings

Below is a table showing the Fund's positioning within the financial sector as of June 30th:

	Long	Short	Net
Asset Managers	15.8%	-8.4%	7.4%
Broker Dealers	5.1%	0.0%	5.1%
Large Banks	16.1%	-29.7%	-13.6%
Small Banks	27.9%	-14.4%	13.5%
Non-Bank Lenders	11.8%	-4.2%	7.6%
Real Estate	0.0%	-5.2%	-5.2%
Life Insurance	8.0%	-1.4%	6.6%
P&C Insurance	0.0%	-6.3%	-6.3%
Financial Processors	0.0%	-2.5%	-2.5%
Miscellaneous Fin	4.7%	0.0%	4.7%
Non-Financials	0.0%	0.0%	0.0%
Total	89.4%	-72.1%	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 2nd 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

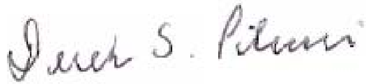
more about the Fund, please call me to arrange an introduction. I appreciate your help in growing my business.

Conclusion

In the second quarter, the Fund delivered solid performance. I am looking forward to the rest of 2011. Thank you for entrusting me with a portion of your wealth. I remain the Fund's largest investor with significantly 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

Derek Pilecki, CFA
Portfolio Manager

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	14.03%	9.26%	(4.00%)	1.20%	6.43%	1.32%	-	-	-	-	-	-	30.53%
2010	(2.97%)	6.01%	4.55%	5.77%	(3.00%)	(17.98%)	3.93%	(6.65%)	7.03%	7.73%	5.61%	5.13%	12.39%
2009	22.60%	7.00%	19.23%	11.00%	17.19%	20.93%	7.9%	15.28%	(0.50%)	(12.63%)	(0.87%)	8.65%	186.31%
2008	-	-	-	-	-	-	(1.89%)	(7.24%)	(21.90%)	16.63%	(7.93%)	11.02%	(15.26%)

Net of fees. Past Performance is not indicative of future results.

Fund Overview

Gator Financial Partners, LLC is a long/short equity hedge fund focused on the Financial sector. The Fund is run with +/-25% net exposure to produce investment returns that are independent of the market direction of the Financial sector.

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

The Fund favors small companies and companies with less research coverage from the sell-side. There are 2,000-plus publicly traded companies in the Financial sector. In addition, the sector requires specialized knowledge to correctly analyze the companies. Therefore, the portfolio manager believes there are regular opportunities for specialized investors doing fundamental research in the sector.

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

Performance Statistics

	GFP	S&P
Avg. Monthly Return	4.11%	0.46%
Highest Monthly Return	22.60%	9.57%
Lowest Monthly Return	(21.90%)	(16.80%)
Monthly Comp. Return	3.59%	0.27%
Ann. Comp. Return	52.72%	3.34%
Cumulative Return	256.19%	10.35%
Profitable Percentage	66.7%	65.7%
Max Drawdown	(28.92%)	(42.62%)

Quantitative Statistics

	GFP	S&P
Annualized Return	52.72%	3.34%
Standard Deviation	35.64%	19.39%
Sharpe Ratio	1.35	(0.13)
Sortino Ratio	2.13	(0.28)
Downside Deviation	19.79%	4.60%

Fund Structure

Fund Description	Long/Short Equity Financials
Date Launched	June 30, 2008
Contributions	Monthly
Organization	Delaware LLC
Management Fee	2%
Incentive Allocation	20%
High Water Mark	Yes
Fund AUM	$4.1 million
Firm AUM	$11.1 million
Redemptions	Monthly, no lock-up
Minimum Investment	$500,000

Service Providers

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

Correlation to Benchmark

	S&P 500
Alpha (annualized)	59.81%
Beta	0.45
R^2	0.07

Disclaimer

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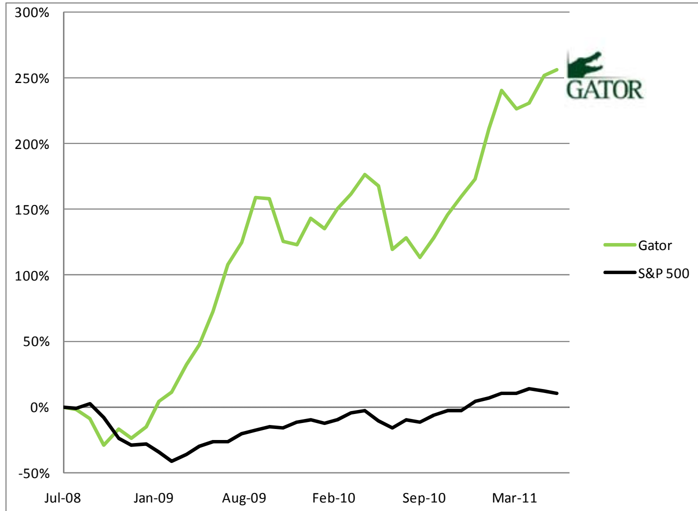
GATOR CAPITAL MANAGEMENT

Gator Financial Partners, LLC

Total Return Since Fund Inception



Fund's Top Common Equity Holdings

As of June 30, 2011

Long	Short
1. Primerica	1. Walter Investment
2. Virtus Investment	2. Blackrock
3. Newcastle Investment	3. Equity Residential
4. Peerless Systems	4. Mercury General
5. Xenith Bankshares	5. Marsh & McLennan
6. Community Bankers	6. Alliance Bernstein
7. PNC Financial	7. Bancorp South
8. Crescent Financial	8. Artio Global Investors
9. Oppenheimer	9. City National
10. JP Morgan Chase	10. Lender Processing

Portfolio Manager Biography

Derek Pilecki, CFA

In 2008, Derek Pilecki founded Gator Capital Management. At Gator, Pilecki has the ultimate responsibility for all investment decisions. He manages a long/short equity hedge fund focused on the Financials sector.

From 2002 through 2008, Pilecki was a member of the Goldman Sachs Asset Management (GSAM) Growth Equity Team, which had AUM of $28 billion. While at GSAM, Pilecki was the co-Chair of the Investment Committee for the Growth Team and was a Portfolio Manager. He was also a member of the portfolio management team responsible for the Goldman Sachs Capital Growth Fund, and provided primary analyst coverage of the Financial sector for the Growth Team.

Prior to GSAM, Pilecki was an Analyst at Clover Capital Management in Rochester, NY and Burridge Growth Partners in Chicago, IL and covered the Financial sector at both firms. Before entering graduate school, Pilecki worked at Fannie Mae providing interest rate risk analysis for the company's mortgage investment portfolio.

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

Risk Management

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

The Fund's advisor is registered with the State of Florida as a Registered Investment Advisor.

Pilecki's largest personal asset is his investment in the Fund and comprises 50% of his net worth.

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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.