February 21, 2012

Dear Investors:

This is Gator Financial Partners, LLC's (the "Fund") 4th Quarter 2011 investor letter. The Fund had slightly negative performance in the 4th Quarter. However, for 2011 overall, the Fund had a positive year in a difficult market. In this letter, I will review the Fund's investment performance during the quarter, discuss a position that drove performance and disclose a couple of new holdings. 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.

Review of Fourth Quarter and Full Year 2011 Performance

Gator Financial Partners had slightly negative investment performance in the 4th Quarter with a loss of 2.10%. While this negative performance is disappointing, it was made worse by the strong performance of both the broader market and the Financials sector, which both rallied 10% in the quarter. There are two main reasons the Fund had negative absolute and relative returns in the quarter. First, the Fund's ongoing large position in GSE preferred stock hurt performance in the quarter; especially in the final few weeks. I discuss this position in great detail in the next section. Second, the Fund's positions in several micro cap and smaller banks did not participate in the broader rally in financial stocks and hurt the Fund's performance during the quarter. These positions in small banks trade at very compelling values, and I believe will provide good returns for the Fund going forward.

For the entire year of 2011, Gator Financial Partners had a positive year. The Fund was up 15% versus a positive 2% return for the S&P 500 and a negative 18% for the Financials sector. The Fund's outperformance for the year was largely driven by the positions that hurt performance in Q4: GSE preferred stock position and stock selection of small cap banks.

The market was again difficult to trade during the 4th quarter because stocks continued to show a high degree of correlation reacting to news from Europe. The good news is in the first few weeks of 2012 we've seen correlations across stocks drop, so we are beginning to see improved returns from stock selection.

	2011 Q4	2011 YTD	Total Return Since Inception	Annualized Return Since Inception
Gator Financial Partners	-2.10%	15.34%	214.77%	38.77%
S&P 500 Total Return[1]	11.81%	2.11%	6.27%	1.46%

[1] The market indices shown have been selected for purposes of comparing the performance of an investment in the Gator Financial Partners, LLC with certain well-known equity benchmarks. The statistical data regarding the indices has been obtained from Bloomberg and the returns are calculated assuming all dividends are reinvested. The indices are not subject to any of the fees or expenses to which the funds are subject and may involve significantly less risk than Gator Capital Strategies. The funds are not restricted to investing in those securities which comprise

Gator Capital Management
100 S. Ashley Drive, Suite 895 | Tampa, FL 33602
Phone: (813) 282-7870 | Fax: (813) 425-9168

www.gatorcapital.com

S&P 500 Financials Sector	10.05%	-18.24%	-35.33%	-11.70%

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.

Position Detracting from Performance

The Fund's long-held position in GSE preferred stock caused the Fund to lag the noted indices significantly in the 4th Quarter. After propelling the Fund's performance in the 1st half of the 2011, the Fund's position in GSE preferred stock hurt performance in the 3rd Quarter and continued to hurt during the 4th Quarter. Overall for 2011, the GSE preferred stock position was a large positive for the Fund's returns. The price of the various GSE preferred stock issues finished the year up between 100% and 120% with significant volatility. In addition, I was also able to add additional value by trading among the different classes of GSE preferred stock when these opportunities were available throughout the year.

However, the various classes of GSE preferred stock declined between 30% and 40% during the 4th Quarter. Most of this decline occurred in the middle of December after it became apparent that Congress was going to tax the GSEs 10 bps annually on all new MBS issued during the next 10 years to pay for a 2-month extension to the payroll tax cuts. This was a particularly bad piece of public policy, but in my judgment, it is not threatening to the investment thesis. This new tax eliminates some upside potential the GSEs had from possibly raising guaranty fee prices. But, the 10 bps tax cements the GSEs' position in the mortgage finance system for at least the next 10 years. If any lawmaker wants to propose winding down the companies, they will have to come up with about $50 billion in budget savings to pay for the elimination of this 10 bps fee.

Since this position is the largest in the Fund and hurt performance in the 4th Quarter, I want to again review my investment thesis for the position and let you know how I am thinking through the position's risks.

GSE Preferred Stock Investment Thesis

Despite public statements from the regulator, I believe there is a chance that Freddie Mac can earn its way out of its current indebtedness to the U.S. Treasury. I believe the company is healing more rapidly than is believed. Their core business is profitable. The 2009-2012 vintages of mortgage originations will be close to pristine. If home prices improve from here, the losses on defaulted mortgages will decline. If employment statistics continue to improve, I would expect mortgage delinquency statistics to improve as well. In the detailed investment thesis below, I focus on Freddie Mac since 80% of the Fund's GSE preferred position is in Freddie Mac securities, and I judge the credit quality of Freddie Mac's mortgage portfolio to be better than Fannie Mae's. It is therefore more likely to return to profitability sooner. This thesis is held by very few investors, but some prominent investors do have similar views. In fact, one

---

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. The S&P 500 Total Return Index is a market cap weighted index of 500 widely held stocks often used as a proxy for the overall U.S. equity market. An investment cannot be made directly in an index. The S&P Financials Sector Index is a market cap weighted index of financial companies within the S&P 500 Index. An investment cannot be made directly in an index. Gator Financial Partners, LLC consists of securities which vary significantly from those in the benchmark indexes listed above. Accordingly, comparing results shown to those of such indexes may be of limited use.

fellow holder of the position, Michael Kao of Akanthos Capital, presented his investment thesis on GSE preferred stock at an investment conference last May.

1. **There is political deadlock on resolving the companies** – Much has been written about Congress not addressing the GSE Reform issue. The Obama Administration has only proposed vague guidelines for GSE Reform. The Dodd-Frank Wall Street Reform and Consumer Protection Act did not address the GSEs because there was no consensus among lawmakers on how to change the mortgage finance system. Some lawmakers think the government needs to do more in the mortgage market to provide financing to homeowners. Others believe the complete opposite that the government needs to refrain from providing financing to the mortgage market. Until a consensus appears, we are likely to maintain the status quo with our current system of Fannie and Freddie operating in conservatorship.
2. **Freddie Mac could potentially pay off the Treasury in 5-7 years -** This political deadlock gives Freddie and Fannie time to naturally repair their balance sheets. The new business the companies have put on their books since 2009 has been profitable. As time passes, a larger percentage of their books of business comes from these profitable vintages, and their financial positions will naturally heal.
    a. Freddie Mac will probably turn profitable in 2012 – Based on the regulator's projections, Freddie Mac will not have to draw capital from the Treasury starting in 2012. This implies the company turns at least breakeven beginning this year. Based on my forecast, I think the company will be mildly profitable in 2012.
    b. Freddie Mac has five sources of hidden value on its balance sheet:
        i. Deferred tax assets (DTA) – Freddie Mac has taken a valuation reserve against all of its deferred tax assets. But, these deferred tax assets are valuable because they will shield the company from paying taxes for the foreseeable future. Once the company reports four consecutive quarters of profits, I project they will be able to reverse the valuation reserve for the DTA, which could add about $40 billion of capital to the company.
        ii. Loan Loss Reserve (LLR) – Freddie Mac has a very strong loan loss reserve compared to the major banks. Freddie Mac holds 3.1 years of loan charge-offs in its loan loss reserves. For comparison, Wells Fargo and JP Morgan only hold 1.9 years and 2.4 years, respectively, of losses in their LLR. At some point going forward, Freddie Mac's management and its regulator will have to stop adding to the company's loan loss reserve. I estimate there could be up to $15 billion of hidden value in Freddie Mac's LLR.
        iii. Accumulated other comprehensive income (AOCI) – Freddie Mac has a notorious portfolio of non-agency residential mortgage backed securities. These are the subprime securities from 2004 to 2007 that lost a lot of value. The prices of these securities have slowly recovered as the underlying mortgages have been paid down. There is still a potential of an $8 billion difference between potential recovery value and the prices Freddie Mac is marking these securities to on its balance sheet.
        iv. Pay-fixed swap portfolio – When Freddie Mac issues debt, it decides whether to issue a typical cash bond or to enter into a pay-fixed interest rate swap. Issuing the bond and entering into the interest rate swap have identical economics.

Sometimes, the company gets a lower interest rate with the swap. The downside is the company must mark the interest rate swap to market each quarter. When rates decline, the company recognizes mark-to-market losses. With the 10-year Treasury plummeting to below 2%, Freddie Mac has run several billion dollars worth of losses through its income statement. If rates rise, these losses will reverse. Even if rates don't rise, these losses will reverse in the form of lower interest expense over time. If the 10-year Treasury rates rise to 3%, I project Freddie Mac will see mark-to-market gains of up to $10 billion.

v. Lawsuit settlement proceeds from non-agency underwriters – Freddie Mac's regulator, the FHFA, filed a lawsuit on its behalf to recover damages from the underwriters of the non-agency securities. It is difficult to project how much the company will recover, but there is certainly a case to be made considering the severity of the losses of the underlying loans. For example, if we look at the individual loan severity in Long Beach Mortgage Loan Trust 2006-11, it is a staggering 85%. This is not possible without a huge amount of fraudulent mortgage loans or a misrepresentation of the number of second lien mortgages in the security.

3. **The GSE business model is viable –** I believe the ongoing business model of the GSEs is viable. I believe the recovery of the companies during conservatorship shows the benefit of tighter regulation. The companies served their mission very well until both were forced to change their CEOs in 2003 and 2004. Neither of the new CEOs had the market sense to step back from the frothy housing market and protect their balance sheets. Instead, each fought to defend market share at the height of the housing bubble. With tighter regulation and better management, the GSEs can return to their missions and role in the market from 1985 to 2005.

   a. The mortgage market of 2008 to 2012 proves we need the GSEs - The GSEs (along with the FHA) have had at least a 95% market share since the financial crisis started. This statistic is pretty convincing of the need for the GSEs. The housing market and the ability to get mortgage financing have been difficult over the past 4 years, but without the GSEs it would have been completely shutdown. The private mortgage finance system was dormant during this time. A fully-privatized mortgage finance system would create too much friction in the housing market because home buyers, sellers and their service providers could never be sure that the financing market wouldn't shut down before the home closing.
   b. Banks want the liquidity they get from the GSEs - Banks for the most part want to have the liquidity outlet of the GSEs. Right now, banks are grasping for loan growth, so they are retaining many of their mortgage originations. When deposit growth is not as robust and/or there are more attractive sources of loan growth, banks will want the option to sell their mortgage portfolios to the GSEs.
   c. The failures of both Fannie and Freddie could have been prevented with better management and better regulation - both management teams and the regulator failed when the companies aggressively moved into the Alt-A market in 2006 and 2007. This has been corrected and can be permanently fixed by barring the GSEs from purchasing any loans without full-documentation. Alt-A loans (or low documentation loans)

promote fraud in two ways: 1) borrowers and mortgage brokers have incentives to lie about the borrower's income on Alt-A loans because they do not have to document it and 2) it allows people who under report their income for tax purposes to get loans backed by government sponsored agencies. If a person is not willing to document their income and pay their share of taxes to the IRS, then they should not be eligible for a loan from a government-sponsored agency. I believe there is no place in the GSE business model for Alt-A or low documentation loans.

4. **Potential catalysts –** There are several potential catalysts for the GSE preferred stock position.
   a. Profitability will change the tone of the GSE political debate - If I am correct that Freddie Mac will turn profitable in 2012, the political debate will focus on getting the taxpayers repaid versus what the structure of the mortgage finance system should be.
   b. The Obama Administration has incentive to declare victory on GSEs - The Administration has the ability to turn the GSE negative into a political victory by crafting a recapitalization of the companies. The recapitalization could be a conversion of the Treasury's senior preferred stock and our junior preferred stock into common stock and a re-IPO of the companies to the public markets. This would get the taxpayers' money back and create victory for Obama by showing that conservatorship worked and he fought to get the taxpayers' money back.
   c. Freddie Mac could begin to pay-down the Treasury's senior preferred stake - With profitability, Freddie Mac will be in a position to begin repaying the Treasury for its stake in the company. With the 10% dividend rate, any pay-down will have a compound benefit for the company because the dividend burden will be reduced.
   d. Potential dividend cut on Treasury's senior preferred - The best way the Treasury can help the company is to reduce the dividend rate on the senior preferred stock. The 10% dividend rate was set a week before the financial crisis was in full swing with the Lehman bankruptcy and the AIG bailout. The TARP banks have only had to pay a 5% rate. AIG had to pay a 10% rate, but was allowed to waive its dividends at its own Board's discretion. The GSEs' 10% dividend rate is an artifact of the timing of the Treasury placing the companies into conservatorship, which was a week before Lehman's bankruptcy.
5. **Regulatory actions have been protective of the companies –** The FHFA has operated the companies well in conservatorship. Although the regulator's primary mission is to protect the taxpayer during conservatorship, a side benefit for shareholders is that the regulator's actions have protected their interests as well.
6. **Asymmetrical risk/reward –** The GSE preferred stock position is a position with asymmetrical payoffs. As of December 31st, the position could gain 18x versus a potential loss of 1x. In other words, the market is predicting only a 6% chance of recovery.

GSE Preferred Stock Investment Risks

Although my investment thesis may seem compelling, there are substantial risks with the GSE preferred stock position. The fund may lose most or all of its investment in this position. If you are considering buying GSE preferred stock for your personal investment account, please do not make a purchase based on this letter. The information presented here is insufficient to make an informed decision. You need to

do your own research. While the following is not a comprehensive listing of all the risks, here are some specific risks regarding the position:

1. **Shrinking book of business –** The GSEs have shrinking businesses. Their mortgage portfolios have mandated maximum targets for size that will reduce profitability. Their credit guaranty businesses are also shrinking because mortgage volumes are light and banks are retaining more of their mortgage production volumes.
2. **Additional taxes and fees –** There could be additional fees and taxes imposed on the GSEs similar to the 10 bps fee imposed to pay for the 2-month extension of the payroll-tax cut.
3. **Accountants and the regulator could continue to force GSEs to add to LLRs –** Freddie Mac may not demonstrate profitability in 2012 if their accountants and regulator force management continue adding to the loan loss reserve.
4. **Housing risk –** Home prices have not bottomed and mortgage delinquencies have stopped declining, so there is risk that the mortgage market could get worse from here.
5. **Lack of executive management –** The CEOs at both GSEs have announced their resignations, and the political pressure on executive compensation at the companies will make it difficult to attract new CEOs.
6. **Flat yield curve –** Both GSEs are benefitting from the steep yield curve. If the yield curve were to flatten, their mortgage portfolios will produce substantially less revenue.
7. **Republican President –** The GSEs' political situation could worsen materially if a Republican is elected President in 2012.

Overall, the GSE preferred position was hugely positive for the Fund's returns in 2011. The position hurt performance in the 4th Quarter. I believe the potential upside and the potential for Freddie Mac to turn profitable in 2012 makes holding GSE preferred shares compelling. I understand this is a controversial investment, but it also adds to the opportunity. I will remain flexible and will constantly reevaluate our holding as new information becomes available.

New Positions in the 4th Quarter

I started a couple of new positions during the quarter that I would like to review.

BankAtlantic Bancorp trust preferred stock

In November, I started a position in the publicly listed trust preferred stock of BankAtlantic Bancorp (the ticker for the trust preferreds is BBXT). In early November, BankAtlantic Bancorp (the ticker for the common equity is BBX) agreed to sell its bank subsidiary to BB&T for $300 million. Roughly, this will leave BankAtlantic Bancorp with about $600 million in assets, $300 million of outstanding trust preferreds and a common equity book value of about $300 million.

I believe the trust preferreds are interesting because they closed the year trading at about $19 per share on a par value of $25 per share. There is also $6 per share worth of cumulative dividends that management has stated will be paid when the deal to sell the bank subsidiary closes. So, we are effectively buying the trust preferreds for $13 per share or 50% of par value. This would mean for the

Fund to lose money from this point, every single remaining one of the $600 million loans remaining at BankAtlantic would have to default and the average recovery would have to be 25% or less.

There are downside risks with this position. 1) BankAtlantic is 53% owned by a holding company, BFC Corporation. In an 8-K, BFC has said that they will not pay dividends on the BBX trust preferreds after catching up the $6 per share of cumulative dividends. This effectively resets the 5 year clock on the trust preferreds going into default. 2) BankAtlantic's management has made several tender offers for the trust preferreds at a discount to par, so they would prefer the price of the trust preferreds stays low. 3) BFC may try to merge with BankAtlantic Bancorp and the trust preferreds would become obligations of BFC. The common trades at $3 per share, but the common book value will be about $20 per share after the bank sale closes, so BFC may try to merge with BBX to capture the upside potential.

The good issues with this position are varied. There is a trust preferred holder that has sued to stop the bank sale. They claim that the trust preferred should become obligations of BB&T; if this happens, it would be excellent for our holding of BBXT. Also, the publicly-traded trust preferreds have an 8.5% coupon versus the privately traded trust preferreds which have coupons in the 4% range. Although nothing has been said, there is some incentive for BankAtlantic's management team to redeem the publicly traded trust preferreds first to eliminate their high cost.

I like the BankAtlantic trust preferred position because there is a meaningful upside. Plus, the management team owns a substantial amount of common equity through a holding company they control. The common equity position is subordinated to our position in the trust preferreds. If they are going to extract value, then the trust preferreds will probably work out well for the Fund.

Cowen Group

I purchased a position in Cowen Group during the 4th Quarter for the Fund. Cowen is a small investment bank focused on technology, health care and consumer sectors. It has an important second business that gets overlooked, which is its alternative investments business. The compelling part of the Cowen story is the valuation compared to the book value of the stock. The stock trades at 60% of its tangible book value. This gives the company no credit for its alternative investments business and no credit for the potential turnaround in its investment bank. In addition, Cowen's management team has begun to repurchase the company's shares on the open market.

It has been a tough environment for investment banks' businesses and stock prices. Besides Cowen, several other small cap investment banks also trade at discounts to tangible book value such as Piper Jaffray, Oppenheimer and Gleacher. Volumes in the capital markets are down in both new equity issuance and secondary market trading. There has been a shift in trading to lower cost electronic venues and towards ETFs. However, if the stock market rallies and the equity issuance calendar improves, these investment banks, including Cowen, would show a high degree of operating leverage. Cowen's management has positioned its capital markets business to benefit from an improved environment by making selective hires to expand the bank in a variable cost manner. The bank has also cut non-compensation fixed expenses to lower the revenue needed to achieve profitability.

Cowen's alternative investments business is an attractive business. This business is not capital intensive and generates recurring fees. It has upside optionality from potential incentive fees. The business is growing with net in-flows the last seven quarters. The business has grown 50% since 2009. It base of assets is still modest at $11 billion.

Cowen has more capital than it needs to run its two businesses. Cowen's management team has invested this excess capital alongside their clients in the alternatives business. The excess capital came from three sources 1) the company raised more capital than it needed in its 2006 IPO, 2) the company has raised additional capital in a couple of follow-on offerings, and 3) the company obtained more capital through its merger with LaBranche, the trading firm, which had excess capital.

Management needs to continue repurchasing stock and continue to be aggressive with their cost cutting in the capital markets business. It has been a tough environment for small investment banking firms. The Fund's investment in Cowen can succeed with the capital market cycle turning positive, continued growth in Cowen alternative investments business, and continued stock repurchases.

Portfolio Analysis

Below are the Fund's largest common equity long and short positions. All data is as of December 31, 2011.

Largest Common Equity Positions

Long	Short
Virtus Investment	Blackrock
KKR & Co.	Walter Investment
Primerica	Boston Properties
Cowen	Prosperity Bancshares
Xenith Bancshares	Commerce Bancshares

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 December 31st:

	Long	Short	Net
Asset Managers	15.9%	-3.0%	12.9%
Broker Dealers	8.2%	-0.8%	7.4%
Large Banks	23.9%	-47.5%	-23.6%
Small Banks	25.7%	-4.8%	20.9%
Non-Bank Lenders	5.4%	-2.7%	2.7%
Real Estate	0.0%	-2.1%	-2.1%
Life Insurance	6.2%	-1.0%	5.1%
P&C Insurance	0.0%	0.0%	0.0%
Financial Processors	0.0%	-2.4%	-2.4%
Non-Financials	3.7%	0.0%	3.7%
Total	89.1%	-64.2%	24.9%

As you can see from the table, the Fund has net long exposure to Asset Managers, Life Insurers and Small Banks. The Fund has net short exposure to Large Banks.

The Fund's gross exposure is 153% and its net exposure is 25%. Ninety-seven 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

In early 2012, I made a significant addition to Gator that will help the firm in 2012 and beyond. I've hired Blue River Partners to provide outsourced CFO, General Counsel, and Compliance for Gator Capital. This addition to the firm's infrastructure will relieve me of several operational chores and will allow me to spend more time on investment research. The experts at Blue River will strengthen the firm and the Fund in the eyes of the investor community.

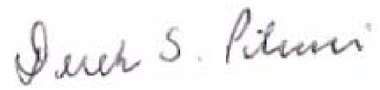
In the 4th Quarter, Andrew Denis left the firm to pursue a position with a registered investment advisor in Clearwater, FL. We wish him success in his new position.

Conclusion

In the fourth quarter, the Fund delivered negative performance. Overall for 2011, the Fund had solid performance of +15.34% which compares favorably to the Financials sector return of -18.24%. I am looking forward to 2012. 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 2011 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%	0.36%	(5.00%)	(5.34%)	2.76%	(0.41%)	(4.34%)	15.34%
2010	(2.97%)	6.01%	4.55%	5.77%	(3.00%)	(17.98%)	3.93%	(6.65%)	7.03%	7.73%	5.61%	5.13%	12.39%
2009	22.60%	7.00%	19.23%	11.00%	17.19%	20.93%	7.9%	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	S&P Finl
Avg. Monthly Return	3.36%	0.33%	-0.37%
Highest Monthly Return	22.60%	10.93%	21.8%
Lowest Monthly Return	(21.90%)	(16.80%)	(26.17%)
Monthly Comp. Return	2.77%	0.15%	(0.88%)
Ann. Comp. Return	38.77%	1.46%	(10.11%)
Cumulative Return	214.77%	6.27%	(31.14%)
Profitable Percentage	61.9%	61.9%	47.6%
Max Drawdown	(28.92%)	(42.62%)	(63.98%)

Quantitative Statistics

	GFP	S&P	S&P Finl
Annualized Return	38.77%	1.46%	(10.11%)
Standard Deviation	34.32%	20.85%	34.83%
Sharpe Ratio	0.97	0.02	(0.30)
Sortino Ratio	1.77	0.11	(0.41)
Downside Deviation	18.77%	15.30%	26.00%

Fund Structure

Fund Description	Long/Short Equity Financials
Date Launched	July 1, 2008
Contributions	Monthly
Organization	Delaware LLC
Management Fee	2%
Incentive Allocation	20%
High Water Mark	Yes
Fund AUM	$3.6 million
Firm AUM	$10.8 million
Redemptions	Monthly, no lock-up
Minimum Investment	$100,000

Service Providers

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

Correlation to Benchmark

	S&P 500	S&P Finl
Alpha (annualized)	47.25%	51.39%
Beta	0.46	0.22
R^2	0.08	0.05

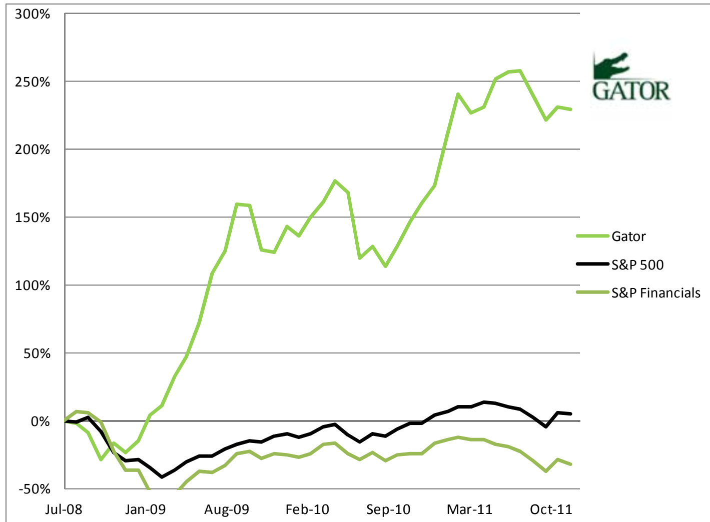
Disclaimer

THIS IS NOT AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITY OR INTEREST IN ANY FUND. This summary is for discussion purposes only. An offer to invest in Gator Financial Partners, LLC may be made only through appropriate subscription documents available only from Gator Capital Management, LLC to accredited investors who qualify to invest under the terms of such documents and such an offer will not constitute an offer or solicitation in any jurisdiction where, or to any person to whom such an offer or solicitation is not legal. Inherent in any investment is the potential for loss, and investors in Gator Financial Partners, LLC may lose part or all of their investment. Confidential. Not to be circulated without prior written permission from Gator Capital Management, LLC. © 2011 Gator Capital Management, LLC.

Gator Capital Management
100 S. Ashley Drive, Suite 895 | Tampa, FL 33602
Phone: (813) 282-7870 | Fax: (813) 425-9168
derek.pilecki@gatorcapital.com
www.gatorcapital.com

Gator Financial Partners, LLC

Total Return Since Fund Inception



Fund's Top Common Equity Holdings

As of December 31, 2011

Long	Short
1. Virtus Investment	1. Blackrock
2. KKR & Co.	2. Walter Investment
3. Primerica	3. Boston Properties
4. Cowen	4. Prosperity Bancshares
5. Xenith Bankshares	5. Commerce Bancshares

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.

Gator Capital Management
100 S. Ashley Drive, Suite 895 | Tampa, FL 33602
Phone: (813) 282-7870 | Fax: (813) 425-9168
derek.pilecki@gatorcapital.com
www.gatorcapital.com

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.