GATOR
CAPITAL MANAGEMENT

September 13, 2012

Dear Investors:

This is Gator Financial Partners, LLC's (the "Fund") 2nd Quarter 2012 investor letter. The Fund had reasonable performance in the weak market environment of the 2nd Quarter. On June 30th, the Fund reached its 4th anniversary. In this letter, I will review the Fund's investment performance during the quarter, disclose a new holding, and update the Fund's current net exposure and positioning by sub-sector.

Review of Second Quarter Performance

Gator Financial Partners had reasonable investment performance in the 2nd Quarter with a gain of 1.88%. The overall market and the Financials sector had weaker performance during the quarter. With this quarter's good relative performance, the Fund has recovered the relative underperformance during the 1st Quarter. There were two main drivers of the Fund's performance during the quarter: 1) The Fund's continued low net exposure and 2) GSE preferred stocks were strong in May after Fannie Mae executives said the company was fully reserved for loan losses. There were other performance drivers, but they seemed to largely offset each other on an absolute return basis.

	2012 Q2	2012 YTD	Total Return Since Inception	Annualized Return Since Inception
Gator Financial Partners, LLC	1.88%	16.41%	266.44%	38.36%
S&P 500 Total Return Index[1]	-2.75%	9.49%	16.36%	3.86%
SPDR Financial Select Sector ETF	-6.91%	13.50%	-19.27%	-5.21%

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

New Position in the 2nd Quarter

I started a new position in the Fund in the warrants of Kinder Morgan and review the investment thesis below.

Kinder Morgan warrants

[1] The market index shown has 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 Financial Partners, LLC (the "Fund"). The Fund is not restricted to investing in those securities which comprise this index, its performance may or may not correlate to this index and it should not be considered a proxy for this index. The S&P 500 Total Return Index is a market cap weighted index of 500 widely held stocks often used as a proxy for the overall U.S. equity market. An investment cannot be made directly in an index. 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.

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I purchased warrants of Kinder Morgan (NYSE: KMI-WS) during the 2nd quarter for the Fund. For some, a first reaction might be, "Kinder Morgan operates natural gas pipelines! How does this position fit into a Financials sector fund?" Great question! I view KMI as an alternative asset manager because its main asset is its General Partner interest in its underlying MLP. From time-to-time in the history of the Fund, I've owned other companies with GP interests in MLPs. Here's the investment thesis[2]:

KMI-WS Investment Thesis

1) **KMI has a very attractive business model –** KMI's main asset is its General Partner (or GP) interest in Kinder Morgan Energy Partners (NYSE: KMP), which is a Master Limited Partnership (or MLP). As the General Partner, it shares in the growth of its underlying MLP without having to invest its own capital. The economics of this arrangement are very favorable to the General Partner and is similar to operating a private equity partnership. As you know, Gator Financial Partners has holdings in a couple of publicly traded private equity firms such as Blackstone and KKR. I therefore view General Partners of MLPs, such as KMI, as alternative asset managers.

   There are a couple of reasons a General Partner of an MLP is even a better business than a private equity firm. First, the capital raised by the underlying MLP is *permanent*. With the private equity business, the equity raised sticks around for a long time (about 15 years), but it ultimately has to be returned to the investors. Another reason a General Partner of an MLP is a better business than a private equity firm is that the profit splits can be as high as 50% versus the traditional 20% for private equity managers.

2) **Power of Incentive Distribution Rights –** What makes being a General Partner of MLPs attractive is the GP usually also owns Incentive Distribution Rights ("IDRs") issued by the MLP. IDRs give the GP an "incentive" to keep the distributions to the Limited Partners steady and hopefully increase them over time.
   a. IDRs have higher payout rates to the GP as the MLP's distributions increase; here are the terms of KMP's IDRs, which are owned by KMI.

	KMP Quarterly Distribution per share	Split to KMI
Tier 1	Up to 15.125 cents	2%
Tier 2	15.125 to 17.875 cents	15%
Tier 3	17.875 to 23.375 cents	25%
Tier 4	Greater than 23.375 cents	50%

[2] This report includes forward-looking statements about KMI. To the extent that statements in this report do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of Gator Financial Partners in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the actual results, performance, achievements or financial position of KMI to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Gator Financial Partners undertakes no obligation to publicly update any forward-looking statements after the date of this report.

Since KMP's Quarterly Distribution is currently $1.23, KMI has been receiving 50% of any increase in KMP's distribution since KMP is paying more than 23.375 cents per share.

b. IDR's benefit from additional shares outstanding at the MLP – Not only do the IDR payouts rise as the MLP distribution rate increases, but the IDR payout increases for each additional share of the MLP that is outstanding. This means that new share issuance by an MLP will benefit the GP because they'll receive more IDR distributions.

To illustrate how powerful IDRs can be here's an example of an MLP issuing 10% more shares to fund an acquisition. The acquisition is not accretive to the distribution rate for the Limited Partners.

	Pre Offering	**Post Offering**	
MLP Shares Outstanding (MM)	100	110	
MLP Share Price ($)	50	50	
Market Cap (MM)	5000	5500	
MLP Distribution rate ($ per share)	2.50	2.50	**<-- Growth equals 0%**
IDR Split	50%	50%	
Distributions to LPs (MM)	250	275	
IDR Distributions to GP (MM)	250	275	
GP Shares Outstanding (MM)	250	250	
GP Distributions per share ($ per share)	1.00	1.10	**<--- Growth equals 10%**
GP Share Price ($)	20	22	

In this generic example, the MLP has raised capital and maintained its current distribution rate. However, the distributions to the General Partner have increased by 10%. This is very powerful to the investors in the General Partner because they did not put up any additional capital for the 10% growth. It is easy to see there is a conflict of interest between the GP and the MLP. This conflict is something each GP must manage. Over time, the GP benefits when they treat their MLP's fairly because they can continue to return to the capital markets to raise more money for the MLP.

Not all IDRs are identical across MLPs. The structure of the IDRs is usually set when the MLP is created. Some MLPs have IDRs with lower, (25%) splits at the top tier. Other MLPs have merged with their General Partners or have purchased their IDRs from their General Partners, so they do not have any IDRs outstanding.

3) **KMI's recent merger with El Paso is attractive –** KMI closed on its acquisition of El Paso in late May. El Paso had many solid pipeline assets. The plan is to resell (or Drop-down) these assets into KMP. As we've seen from the previous section, KMI benefits from increased IDRs when KMP increases its distributions.
   a. No auctions for Drop-down Asset Sales – During the Drop-down Asset Sale, there are independent committees of the respective Boards assigned to negotiate a price. However, there are no competing bidders so the prices remain reasonable to KMP.

b. Drop-down arbitrage – With KMP trading at 16x the distributable cash flow and its debt financing rates below 5%, KMP can pay KMI 8x EBITDA for the El Paso assets and have the acquisitions be accretable to its shareholders. At the same time, the Drop-down Asset Sale is also accretive to KMI's earnings and deleverages KMI's balance sheet. Here is my simplified model of the Drop-down Asset Sales from KMI to KMP. As you can see, my model says the Drop-down Sales will increase the value of KMI's GP interest in KMP by over 40%.

KMP Drop-down Asset Sale Model

	2013 Pre Drop-down	2013 Pro Forma Post Drop-down	
MLP shares out (MM)	387.7	484.6	
Price ($)	82	82	
Market Cap (MM)	31791.4	39735.4	
KMP Debt Outstanding	0.00	7944.00	
Distribution rate ($ per share)	5.21	5.83	**<-- 12% Growth**
Total Distributions	3673	5281.24	
Distributions to LPs (MM)	2020	2824	
IDR Payments to GP (MM)	1653	2457	
IDR Split	50%	50%	
GP Shares Outstanding (MM)	1038	1038	
GP Debt Outstanding	20838	4950	
GP Distributions per share ($ per share)	1.59	2.37	**<-- 49% Growth**
GP Value per KMI Share ($)	31.84	47.34	
Assumptions:			
El Paso Assets 2013 EBITDA	1986		
EBITDA Multiple for Drop-down Sales	8		
% Debt Financing	50%		
Debt Financing Rate	4%		
GP multiple	20		
KMI SOTP (per share)			
GP Value	31.84	47.34	
El Paso Assets	15.31	0.00	
NGPL	0.20	0.20	
Debt	-20.08	-4.77	
Holdings of KMP, KMR & EPB	5.40	5.40	
Corporate Expenses	-1.93	-1.93	

NOLs	2.41	2.41
Total	33.15	48.65

Note - This stylized example assumes all Drop-down Asset Sales from KMI to KMP take place by January 1, 2013. In reality, these asset sales will take place over the course of 2013, 2014 and possibly future years.

c. Additional CapEx Opportunities –I believe there are CapEx opportunities within El Paso asset base that were not exploited by El Paso management. Plus, the combination of El Paso and Kinder Morgan assets may create additional projects that are unique to the combined company.
d. Sell-side Underestimates Pace of Drop-Down Sales – In Goldman's recent sell-side note, they estimated that 40% of the Drop-down Asset Sales will be completed by 2016. On KMI's last conference call, they stated that their goal is to complete the sales by the end of 2014. This will accelerate the increase in value of KMI's GP interest and will allow the KMI organization to focus on the next opportunity.

4) **KMI's CEO is aligned with shareholders –** The CEO of Kinder Morgan is Rich Kinder. His interests are aligned with shareholders as he owns 23% of the common stock. He also takes a $1 salary and no bonus, no pension and no stock options.

5) **KMI warrants were under pressure at the closing of the merger –** I purchased the warrant position on the day of the merger closing because I thought many former El Paso shareholders and/or merger arbitrage investors would sell their newly issued warrants to get cash with less regard for the potential value of the securities.

6) **Asymmetrical risk of warrants –** In previous letters, I have written about how I have purchased many of the warrants issued by the banks under TARP. I continue to view owning warrants as a form of non-recourse debt financing for the Fund's portfolio.

7) **Repurchase program for KMI warrants –** Just prior to closing the El Paso merger, Kinder Morgan's management team announced a repurchase program for the warrants. With a bullish view on the business, this is the right thing to do for shareholders. KMI has just over 1 billion common shares outstanding, and the company issued 505 million warrants. Without the warrant repurchase, the common shares outstanding would increase by almost 50%. I view the warrant repurchase announcement as a signal from management that they are optimistic about their business and view the warrants as underpriced.

Risks of Kinder Morgan warrants

There are risks to the Fund's KMI warrant position:

1) **KMI common stock is not cheap –** The sum-of-the-parts valuation in the above model implies a 20x multiple on general partner cash flows. This is a pre-tax cash flow number. Plus, the entire MLP sector has had strong performance for the last 3 years, so it is not "undiscovered."

2) **KMI's IDRs are leveraged to KMP's cash flow –** Just as the IDRs provide leverage to the upside, they also provide leverage to the downside. If KMP's business were to decline, KMI would suffer more. However, most of KMP's businesses are pipelines and are structured to provide low single digit growth.
3) **Warrants are leveraged to KMI common –** The KMI warrants are leveraged to KMI common.
4) **Warrants do not receive dividends –** The KMI warrants do not participate in KMI's ordinary common dividends.
5) **KMI has general business risk –** KMI has general business risk such as regulatory, commodity, and merger integration risk.

There are other publicly traded General Partners of MLPs: OneOk (OKE), Williams Companies (WMB), Energy Transfer Equity (ETE), Nustar GP Holdings (NSH), Atlas Energy (ATLS), Alliance Holdings GP (AHGP), Inergy (NRGY), TeeKay (TK), Crosstex Energy (XTXI), and Targa Resources (TRGP). The Fund owns shows in both TRGP and NRGY.

Portfolio Analysis

Below are the Fund's largest common equity long and short positions. All data is as of June 30, 2012.

Largest Common Equity Positions

Long	Short
Virtus Investment	American Capital Agency
Kinder Morgan	Bancorp South
KKR & Co.	Commerce Bancshares
Rouse	Third Federal
Primerica	Walter Investment

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 Financials sector as of June 30th:

	Long	Short	Net
Alt Asset Mgrs	13.1%	0.0%	13.1%
Asset Mgrs	5.7%	-1.4%	4.3%
Banks (large)	22.6%	-11.1%	11.6%
Banks (small)	15.5%	-10.9%	4.6%
Broker-Dealers	9.4%	-1.2%	8.2%
Exchanges	0.0%	-1.0%	-1.0%
Life Insurance	7.8%	-1.0%	6.8%
Non-Bank Lenders	2.2%	-3.7%	-1.6%
P&C Insurance	0.0%	0.0%	0.0%
Processors	0.0%	-2.1%	-2.1%
Real Estate	3.9%	-1.8%	2.2%
Index Hedges	0.0%	-24.1%	-24.1%
Non-Financials	0.0%	0.0%	0.0%
Total	80.2%	-58.3%	21.9%

The Fund's gross common exposure is 139% and its net exposure is 22%. 92% of the Fund's positions are in finance-related companies. The non-finance related positions are the Kinder Morgan warrant position and the positions in NRGY and TRGP, which are included in the Alternative Asset Manager sub-sector in the table above. From this table, I exclude fixed income instruments such as preferred stock. Preferred stock positions account for an additional 21% of the portfolio.

Organizational Changes

There were no significant organizational changes to report in the 2nd Quarter.

Conclusion

In the 2nd quarter, the Fund delivered reasonable performance in a weak market environment. I am looking forward to the second half of 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

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 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 2012 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 returns represented encompass a market and economic period of extreme volatility which may not repeat itself.

The market indices shown on the first page of this letter have been selected for purposes of comparing the performance of an investment in 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 Financial Partners, LLC

Derek Pilecki, CFA
Portfolio Manager

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	4.55%	1.65%	7.51%	-1.37%	-0.67%	3.99%	-	-	-	-	-	-	16.41%
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.

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[1]	$6.3 million
Strategy AUM	$7.7 million
Firm AUM	$15.3 million
Redemptions	Monthly, no lock-up
Minimum Investment	$100,000

Performance Statistics

	GFP	S&P 500[2]	XLF
Avg. Monthly Return	3.27%	0.48%	0.04%
Highest Monthly Return	22.60%	10.93%	21.76%
Lowest Monthly Return	(21.90%)	(16.80%)	(26.17%)
Monthly Comp. Return	2.74%	0.32%	(0.44%)
Ann. Comp. Return	38.36%	3.86%	(5.21%)
Cumulative Return	266.44%	16.36%	(19.27%)
Profitable Percentage	62.5%	60.4%	50.0%
Max Drawdown	(28.92%)	(42.62%)	(63.89%)

Quantitative Statistics

	GFP	S&P 500	XLF
Annualized Return	38.36%	3.86%	(6.49%)
Standard Deviation	32.01%	20.06%	34.01%
Sharpe Ratio	1.02	0.19	(0.20)
Sortino Ratio	1.87	0.26	(0.27)
Downside Deviation	17.57%	14.61%	25.01%

Correlation to Benchmark

	S&P 500	XLF
Alpha (annualized)	41.50%	45.07%
Beta	0.460	0.231
R^2	0.083	0.059

[1] "Fund AUM" is defined as assets under management in Gator Financial Partners, LLC. "Strategy AUM" is defined as assets under management (both in the Fund and in SMAs) using the same investment strategy as Gator Financial Partners, LLC. "Firm AUM" is defined as all assets under management by Gator Capital Management, LLC.

[2] 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 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. An investment cannot be made directly in an index. The Financial Select Sector SPDR® Fund (XLF) is an exchanged traded fund designed to track the financial stocks in the S&P 500 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. The source of the index and XLF price data is Bloomberg.

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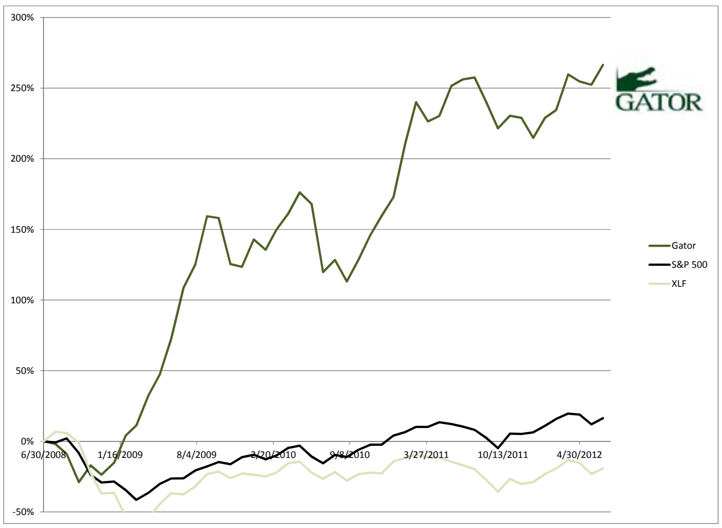
Gator Financial Partners, LLC

Service Providers

Compliance/Ops	Blue River Partners
Fund Administrator	Cortland Fund Services
Prime Broker	Interactive Brokers
Legal Counsel	Shumaker Loop
Auditor	Kaufman Rossin

Total Return Since Fund Inception



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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.[3]

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

[3] This does not denote any special skill by the advisor nor any status conferred by the registering entity.

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 may be more consistent than returns from over-weighting or under-weighting the sector at the appropriate time.

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

Seventy-five percent of the Fund's positions must be in companies in the Financials sector or 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 may also find opportunities in purchasing credit default swaps on companies we want to short. In the brief history of the Fund, these characteristics (a concentrated portfolio and positions with asymmetrical risk/reward) explain the large volatility in the Fund's monthly returns. Most of this volatility has been to the positive, but there have been and will be times when 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. 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.