GATOR
CAPITAL MANAGEMENT

May 21, 2013

Dear Investors:

This is Gator Financial Partners, LLC's (the "Fund") 1st Quarter 2013 investor letter. The Fund had solid performance in the 1st Quarter. In this letter, I will briefly review a few positions that drove performance during the quarter, share my negative view of the M&A environment in the commercial banking sector, and provide updates about the Fund's current net exposure and positioning by sub-sector.

Review of First Quarter Performance

Gator Financial Partners had solid investment performance in the 1st Quarter with a gain of 17.19%. Both the broader market and the Financials sector were strong during the quarter. There were five main drivers of the Fund's outperformance during the quarter: 1) GSE preferred shares rallied about 90% during the quarter, 2) the Fund's position in Camco Financial stock and warrants both gained as that stock rose 73% in the quarter, 3) the Fund's long-held position in Virtus Investment Partners gained another 54% in Q1, 4) The Fund's positions in warrants of Kinder Morgan and Zions Bancorporation returned 36% and 60%, respectively; and, 5) the Fund's sector hedge position offset some of the gains in other positions. I've written about most of these positions in previous letters.

	2013 Q1	Total Return Since Inception	Annualized Return Since Inception
Gator Financial Partners, LLC	17.19%	397.51%	40.18%
S&P 500 Total Return Index[1]	10.61%	36.36%	6.75%
SPDR Financial Select Sector ETF	11.48%	1.83%	0.38%

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.

M&A in the Banking Sector

[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. 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.

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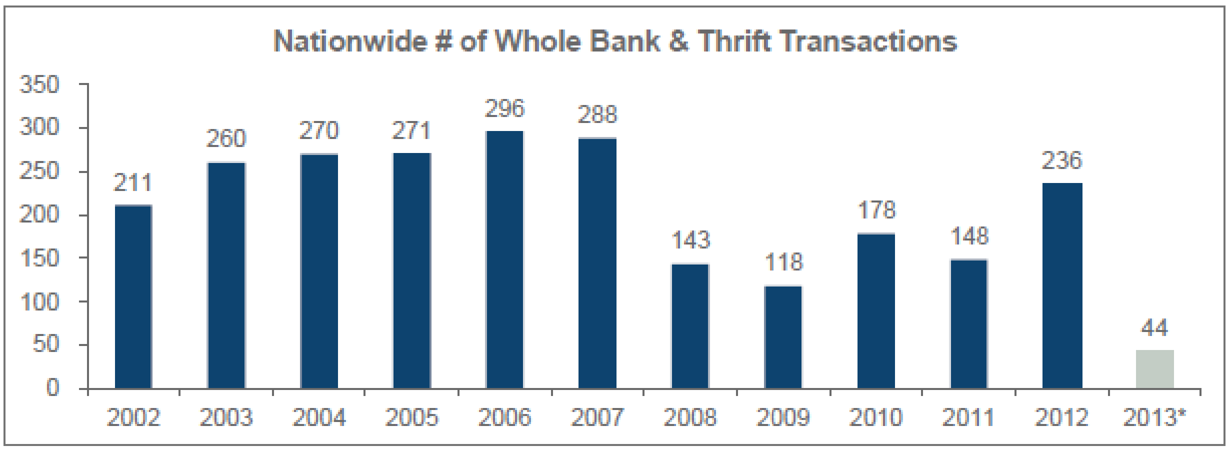
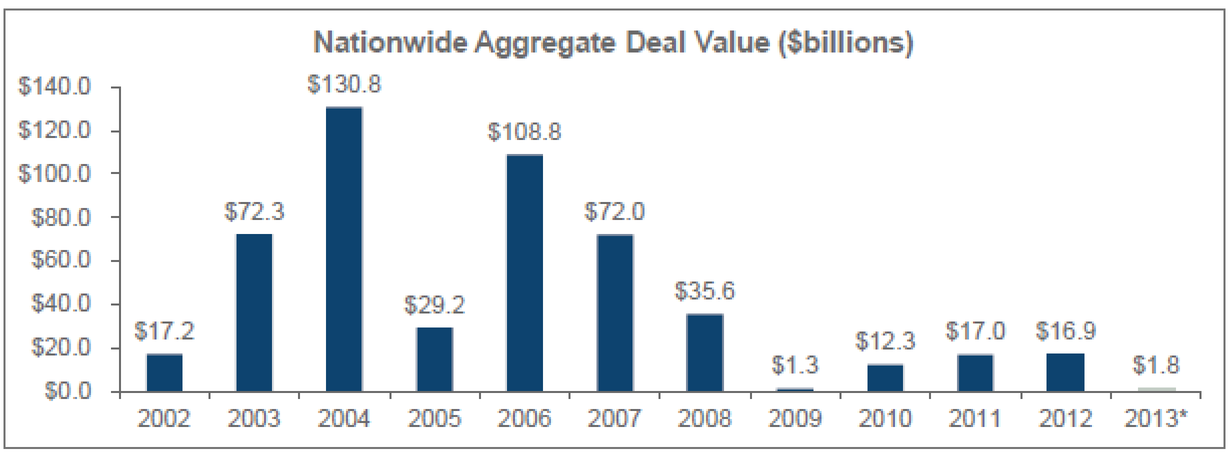
One important way Gator Financial Partners is different from other portfolios that specialize in the Financials sector is that our portfolio has a much smaller position in mid-sized regional banks. The difference in our view is that I am negative on the prospect for widespread banking M&A.

Despite more than 7,000 banks still existing in the U.S., M&A activity among banks has been subdued. Through Q1 2013, there were only 44 bank M&A deals valued at a total of $1.8 billion. If this run-rate continues, full year 2013 M&A activity will only total 176 deals valued at $7.2 billion. This would mean a decline in the number of deals by 25% and a decline in total transaction value of 57%. I believe this current low rate of M&A activity will persist for a number of reasons:





** - Through 3/31/13.*
Source: SNL Financial

1. **Executives of Target Banks Aren't Selling –** There is an old saying in Bank M&A that "banks aren't bought, they are sold." Hostile bank deals just don't take place. For M&A to occur, bank executives have to be willing sellers. I do not think many bankers are willing sellers in the current environment.
   a. **Bankers don't want to sell at current low valuations –** The valuations of banks, although off their recent lows, are still at the bottom end of the range for the past 20

years. I think bankers are willing to hold off a few years to see if industry valuations rise before they sell.

   b. **Often a Banker's Most Valuable Asset is his Paycheck –** Many bank stocks are nowhere near the levels of 2005 to 2007, so bank executives have seen their personal balance sheets decimated. Their paychecks may be their most valuable assets. If they were to sell and not secure a position with the acquiring bank, they may be out of work. It is better to control their own destiny by not selling their bank.
   c. **Can't Start a new Bank After Selling –** A bank executive who sells his bank is probably not able to start a de novo bank. Bank regulators have granted no new banking licenses since 2011.

2. **Executives of Acquiring Banks Aren't Buying –** Although "banks aren't bought, they are sold", we still need multiple willing buyers to get valuations higher. At higher valuations, there will be more willing sellers.
   a. **Big banks have hit deposit caps –** Bank of America, JP Morgan Chase and Wells Fargo all have at least 10% of the national market share of deposits, so by law, these historically voracious acquirers can't buy any more banks.
   b. **Trickle Down Effect Makes MidCap Banks less Enthusiastic About Buying –** Midcap banks are less likely to make acquisitions because they understand their end game is not selling to one of the larger banks. Instead, they are going to have to stand-alone on their ability to growth and generate high returns on capital. Therefore, they appear to be more judicious in making acquisitions.
   c. **Would-be acquirers seem to be price anchoring –** The average Price-to-Tangible Book paid for banks since 2009 is only 113%. From 2004 to 2007, the average Price-to-Tangible Book paid for banks was 232%. It appears the only deals getting done in the current environment are the low priced deals. Bank executives haven't shown a willingness to pay-up for healthy bank deals so far in this cycle.
3. **Banks are Bought for Deposits, But Most Banks are Awash in Deposits –** Since the Financial Crisis, banks have been awash in deposits. I believe this is due to the low level of rates which makes yields on bank deposits competitive with market money fund yields. Investors might as well keep their cash in banks for the extra security for the same level of yields. With all of the liquidity provided by these bank deposits, bank executives haven't had the need to buy other banks to get access to additional deposits. Instead, their problem is not having enough assets in which to invest their existing deposits.
4. **Small banks tend not to have unique Asset-Generation capabilities –** To combat their problem of not having enough assets, larger banks would be willing to acquire smaller banks if they had unique abilities to generate assets (i.e., loans). Unfortunately, most small banks can only generate small commercial real estate loans. However, most large banks have spent the past five years reducing the amount of small commercial real estate lending they are doing.
5. **Technological change has driven bank utilization lower and made branches less valuable –** We are all going to bank branches less and less. We are using ATMs and banking online. Even commercial customers are using remote deposit capture, so they aren't making their daily bank runs to deposit checks. With branches not used as much, executives at large banks don't feel the need to fill out their geographic footprint in every city they operate. In fact, they are closing branches.
6. **Cheaper to Take Market Share Organically than to Buy It –** Banks in position to take market share are finding it cheaper to take share organically by hiring bankers in new markets. Plus,

rather than buying a bank to get access to its customer base, they are finding it easy enough to pick-off choice customers by offering better deals.

7. **Extra Regulatory Scrutiny –** Banks that make acquisitions are receiving extra regulatory scrutiny before regulators approve their acquisitions. I believe many executives at potential acquiring banks are staying away from M&A because they don't want the hassle of going through the regulatory approval process.
8. **Signal from specialty investment banking firm –** As confirmation of my view, the investment banker to the banking industry, Keefe Bruyette & Woods, sold itself last Fall for a low premium. When an M&A banker sells itself for a low premium, it clearly signals to me that they do not see an uptick in M&A in the near-to-medium term future.

The Fund's portfolio has a variety of both long and short positions in different banks. Our long positions are mainly in two areas: 1) in the TARP warrants on the cheapest large banks and 2) in microcap banks with recovering credit quality. Our short positions in banks are in 1) mid-sized regional banks with high valuations facing headwinds of loan growth and spread compression and 2) thrifts that are at risk to a flat yield curve and low rates. We do not own banks in hopes of a stronger M&A environment. We think owning many banks with lackluster loan growth and mediocre returns on capital with the hope of a stronger M&A environment will produce disappointing returns. This belief is different from those of our peers.

Portfolio Analysis

Below are the Fund's largest common equity long and short positions. All data is as of March 31, 2013.

Largest Common Equity Positions

Long	Short
Camco Financial	Westamerica
Kinder Morgan	Simon Property Group
Virtus Investment	CME Group
Genworth	Valley National
Zions Bancorporation	Citizens Republic

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 March 31st:

	Long	Short	Net
Alt Asset Managers	11.3%	0.0%	11.3%
Asset Managers	6.0%	0.0%	6.0%
Banks (large)	20.1%	-10.2%	9.9%
Banks (small)	20.1%	-16.4%	3.7%
Broker-Dealers	5.0%	-1.0%	4.1%
Exchanges	0.0%	-2.2%	-2.2%
Life Insurance	11.5%	-1.0%	10.5%
Non-Bank Lenders	2.7%	-0.7%	2.0%
P&C Insurance	1.8%	-1.7%	0.1%
Processors	0.0%	-2.5%	-2.5%
Real Estate	1.8%	-2.3%	-0.5%
Index Hedges	0.0%	-29.6%	-29.6%
Non-Financials	0.5%	0.0%	0.5%
Total	80.9%	-67.5%	13.4%

The Fund's gross common exposure is 148% and its net exposure is 13%. Ninety-four percent of the Fund's positions are in finance-related companies. The main non-finance related positions are the Kinder Morgan warrant position and a position in NRGY 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 14% of the portfolio.

Organizational Changes

There were no significant organizational changes in the 1st Quarter of 2013.

Conclusion

The Fund's performance was solid in the 1st Quarter of 2013. I am looking forward to the rest of 2013. Thank you for entrusting me with a portion of your wealth. I remain the Fund's largest investor with just over 80% 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 2013 is estimated and unaudited.

The inception date for Gator Financial Partners, LLC was July 1, 2008. The performance data presented on the first page of this letter for the market indices under "since inception" is calculated from July 1, 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

GATOR CAPITAL MANAGEMENT

Derek Pilecki, CFA
Portfolio Manager

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	8.26%	3.97%	4.11%	-	-	-	-	-	-	-	-	-	17.19%
2012	4.55%	1.65%	7.51%	(1.37%)	(0.67%)	3.99%	1.94%	(1.57%)	2.40%	7.61%	1.72%	3.01%	34.87%
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 common exposure in an attempt 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	1%
Incentive Allocation	20%
High Water Mark	Yes
Fund AUM[1]	$13.0 million
Strategy AUM	$18.6 million
Firm AUM	$29.2 million
Redemptions	Monthly, no lock-up
Minimum Investment	$100,000

[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.

Performance Statistics

	GFP	S&P 500[2]	XLF
Avg. Monthly Return	3.49%	0.68%	0.36%
Highest Monthly Return	22.60%	10.93%	21.76%
Lowest Monthly Return	(21.90%)	(16.80%)	(26.17%)
Monthly Comp. Return	2.85%	0.55%	0.03%
Ann. Comp. Return	40.18%	6.75%	0.38%
Cumulative Return	397.51%	36.36%	1.83%
Profitable Percentage	66.7%	64.9%	56.1%
Max Drawdown	(28.92%)	(42.62%)	(63.89%)

Quantitative Statistics

	GFP	S&P 500	XLF
Annualized Return	40.18%	6.75%	0.38%
Standard Deviation	29.76%	18.80%	31.37%
Sharpe Ratio	1.15	0.34	0.00
Sortino Ratio	2.13	0.49	0.02
Downside Deviation	16.12%	13.43%	22.71%

Correlation to Benchmark

	S&P 500	XLF
Alpha (annualized)	41.1%	44.5%
Beta	0.451	0.233
R^2	0.081	0.060

[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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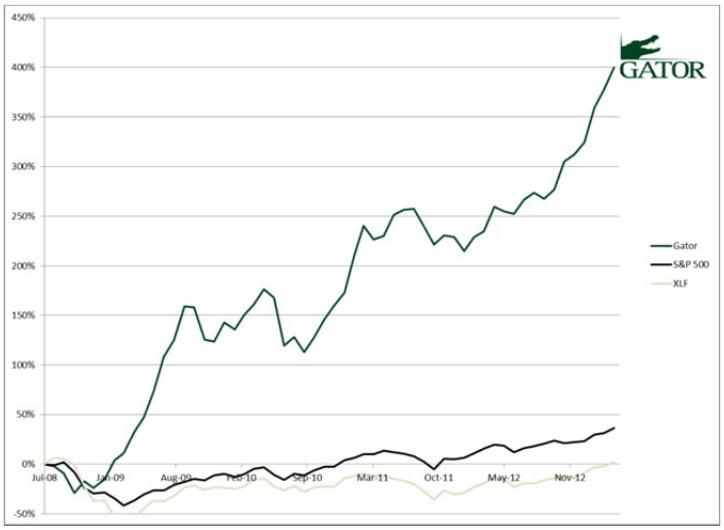
Gator Financial Partners, LLC

Service Providers

Fund Administrator	Cortland Fund Services
Prime Broker	Interactive Brokers
Legal Counsel	Sims Moss Kline & Davis Shumaker Loop
Auditor	Kaufman Rossin

Total Return Since Fund Inception



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.

Disclaimer

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 SEC 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.

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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 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.