GATOR
CAPITAL MANAGEMENT

August 14, 2014

Dear Investors:

This is Gator Financial Partners, LLC's (the "Fund") first half 2014 investor letter. The Fund had mixed performance in the period with almost all of the performance coming in February. In this letter, we will briefly review the Fund's investment performance in the year-to-date period, review the investment thesis for two existing positions, and update you about the Fund's current net exposure and positioning by sub-sector.

Review of First Half Performance

Gator Financial Partners had mixed investment performance in the first half of 2014 with a net gain of 5.36%. The overall market and the Financials sector were up as well. There were four main drivers of the Fund's performance during the first half of 2014: 1) GSE preferred shares continued to march higher, 2) the Fund's position in Syncora (see below) gained 155%, 3) the Fund's position in Zions Bancorporation warrants declined 16% due to a potential capital raise after failing the Federal Reserve's stress test, and 4) the Fund's short positions in several large cap REITs underperformed as REITs were strong performers during the first half.

	2014 YTD	Total Return Since Inception	Annualized Return Since GFP's Inception
Gator Financial Partners, LLC	5.36%	516.20%	35.40%
S&P 500 Total Return Index[1]	7.14%	74.86%	9.76%
SPDR Financial Select Sector ETF	4.82%	29.80%	4.44%

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.

[1] The market index shown has been selected for purposes of comparing the performance of an investment in 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 indices listed above. Accordingly, comparing results shown to those of such indices may be of limited use.

Investment Thesis of Two Existing Positions

CIFC Corp. (NASDAQ: CIFC)

CIFC is an asset manager focused on structured credit products. Specifically, CIFC creates, sells and manages collateralized loan obligations ("CLOs").

Background: CIFC originally went public as Deerfield Triarc Capital in 2005. Prior to the financial crisis, the company created and managed credit-based CLOs and collateralized debt obligations ("CDOs"). The company used its own balance sheet to invest in equity tranches of its own deals. This did not work out well in 2008, and the company suffered serious losses. However, because the company used structured securities instead of short-term debt to get leverage, the company did not have any liquidity issues and did not have to declare bankruptcy. Deerfield continued to earn management fees from the deals it structured, but the equity tranches lost significant value.

In 2010, Deerfield expanded its management fee revenue stream by merging with Columbus Nova, which managed its own CLOs. In 2012, Deerfield merged with another CLO manager, CIFC, and took the CIFC name. After the CIFC merger, the company was 27% owned by the public, 35% owned by Columbus Nova and 37% owned by CIFC Parent Holdings, which was controlled by Charlesbank Capital Partners. In late 2013, Columbus Nova purchased CIFC Parent Holdings' stake in CIFC and now owns 75% of the company. Columbus Nova owns its CIFC shares through a holding company named DFR Holdings.

Our investment thesis for CIFC includes the following:

1. **Inexpensive stock –** The stock is cheap. If we look at only the management fee earnings, CIFC trades at 9x earnings while other asset managers trade around 15x earnings. CIFC also has an outsized growth opportunity because it only manages $12 billion and can easily multiply this amount due to strong CLO demand.

2. **Buy below what majority owner paid –** At the current market price of $8.52, we can buy shares below the $9 per share that Columbus Nova paid for a 38% stake in December 2013. Although there may have been some premium in the $9 price due to the stake being a control stake, it is still beneficial to buy shares below this price. In our mind, this provides some semblance of downside protection.

3. **Potential upside from incentive fees –** CIFC earns about 50 bps in management fees on CLOs it manages. If the CLOs perform well, CIFC can earn another 30 bps in incentive fees. Usually, the incentive fees kick in after the deal has seasoned for several years. Since CIFC restarted CLO issuance in 2012, it hasn't earned incentive fees on new deals to date.

4. **Potential product expansion into other credit related funds –** CIFC has an opportunity to use its core competency of managing credit-related investments to expand into other offerings besides CLOs. It has already embarked upon this expansion by starting a few

private investment funds focused on credit. Another opportunity is to open credit-related fixed income mutual funds.

5. **Less Balance Sheet intensive –** Today's CIFC does not use its balance sheet as intensely as Deerfield Triarc did prior to the financial crisis. We believe that CIFC should eventually get a higher multiple as investors begin to realize that most of its revenues are coming from management fees rather than investment earnings.

6. **Beneficiary of Volcker Rule and Dodd-Frank –** Due to increased regulation from the Volcker Rule and Dodd-Frank, money center banks have to exit several businesses. This creates an opportunity for non-bank firms like CIFC to fill the void left as banks shrink their balance sheets and become smaller participants in the CLO business.

7. **Expect continued demand for CLOs –** Given the weak returns from unleveraged credit and the very low credit default and loss rates, we expect to see continued demand for CLOs.

8. **CIFC is a leader in the CLO sector –** CIFC is the largest US CLO manager (by the number of CLOs it manages), and it was voted CLO Manager of the Year - Americas by *Private Debt Investor* magazine in its inaugural annual awards.

9. **Neglected stock –** The stock has no analyst coverage and is the classic neglected small-cap stock. The stock had difficulty in 2008-2009, has a very small float (about $40M-$45M), and was formed through the merger of several under-the-radar companies which only perpetuates its neglected status.

Risks:

1. **Leveraged to CLO market –** CIFC business is leveraged to the growth of the CLO market. Although we believe the changes to the CLO market post-financial crisis will make new issuance more consistent, it will still be a cyclical market.

2. **May never achieve a P/E multiple in line with traditional Asset Managers –** The market multiple may remain low on CIFC's earnings, because of investment risk and the narrow source of revenues (corporate credit markets). Likewise, markets may only price current earnings and not projected earnings when Assets Under Management ("AUM") becomes seasoned and generates higher fees.

3. **Majority holder controls the company -** The interests of Columbus Nova (d/b/a DFR Holdings) may deviate from those of minority public investors. A few facts give us comfort: 1) the company pays a cash dividend, 2) the Columbus Nova-appointed co-CEOs bought shares on the open market earlier this year, and 3) as mentioned above, Columbus Nova paid $9 per share to double the size of its stake just nine months ago.

Syncora Holdings Ltd. (Pink Sheets: SYCRF)

Background: Syncora Holdings Inc. is the holding company for Syncora Guarantee Inc. (SGI), a municipal bond insurance company currently in run-off. It was originally started as a subsidiary of XL Capital to diversify XL's insurance risk and to target the municipal bond insurance segment, which seemed to have attractive risk/return characteristics. During the 2005-2007 timeframe, Syncora's business plan struggled. The two main problems were insuring residential mortgage-backed securities ("RMBS") and CDOs of asset-backed securities. To remove those exposures from its balance sheet, Syncora executed two commutation agreements. The latter was completed in July 2009 and was a comprehensive restructuring through which Syncora relieved itself of $6.0 billion in losses by 1) commuting the majority of its credit default swap ("CDS") exposure in exchange for $1.2 billion of cash, $625 million of SGI surplus notes, and 40% ownership of SYCRF; 2) defeasing a majority of its RMBS exposure through an investment fund which commuted and then reissued the same securities without a guarantee, and 3) creating Syncora Capital Assurance (SCA) a subsidiary which partially separates its municipal and CDS policies from its RMBS and Structured Single Risk policies.

Since 2008, the company and its wholly owned subsidiary SCA have focused on loss mitigation and balance sheet remediation in order to improve liquidity and maximize the free cash available to settle outstanding claims.

Investment Thesis:

We think there is a possibility of significant residual recovery for Syncora's equity in a run-off scenario. Here is a summary of our thesis:

1. **Potential significant upside from run-off insurance company –** Syncora is running off its insurance exposures. We believe there is significant potential upside in the residual equity value. Here's our calculation of Adjusted Book Value:

SGI Surplus	$973 MM
SGI Surplus Notes	($719 MM)
SGI Preferred	($135 MM)
SGI Equity to SYCRF	$119 MM
SYCRF A Preferred	($250MM)
SYCRF Common	($131MM)
Adjustments	
Unearned Premiums	$426 MM
Contingency Loss Reserve	$208 MM
Present value of Installment Premiums	$275 MM
Potential Add'l Losses	($300 MM)
Lehman Settlement	$125 MM
Capital One Settlement	$240 MM
Adjusted Book Value	$843 MM

Shares Outstanding	59.6 MM
Adjusted Book Value per share	**$14.14**
Compared to Current Market Price	$1.82

2. **Reserves adequate –** A large part of the analysis of Syncora requires a comfort that the company is conservative in setting its loss reserves. There has been no reason for the management to be aggressive in under reserving, but as we have seen with Puerto Rico and Detroit, management does not have a crystal ball to predict that there will be no more losses developing. In our model, we contemplate an additional $300 million of losses beyond the Q1 reserves.
3. **Excess Contingency Reserves –** Syncora has $208 million of excess reserves that the NY Insurance Department requires them to hold above their expected losses. As Syncora's exposures run-off, this Contingency Reserve will be released into income.
4. **Deferred Premiums –** Syncora has already received the cash for $426 million of future premiums. This money is deferred revenue and will amortize into revenue as time passes.
5. **Present Value of Installment Premiums –** Syncora estimates that it will receive $275 million in present value of future installment premiums.
6. **Potential Litigation Recoveries**
   a. Greenpoint/Capital One – Syncora has sued Capital One for an RMBS deal that Greenpoint completed. The potential recovery is $240 million.
   b. Greenpoint/Lehman – Syncora has sued the Lehman estate for the Greenpoint deal. The potential recovery is $125 million or 25% of a $500 million settlement.
7. **American Roads –** Syncora owns the Detroit Windsor Tunnel and several turnpikes in Alabama through a pre-packaged bankruptcy of American Roads. Syncora is still on the hook for the guarantee on the American Roads bonds, but this liability is recognized in the balance sheet. Syncora has a suit pending against Macquarie asserting that Macquarie fraudulently induced Syncora to insure the American Roads bonds.
8. **Discounted value of repurchased claims –** Syncora has repurchased some of the bonds it has guaranteed at a discount, but accounting rules do not allow for the company to write-up these positions even if their expected loss is less than the discount of the bond purchase. Some analysts believe there is potentially $60 million of embedded gains, but we assign zero value to this potential.
9. **Net Operating Loss Carryforwards –** Syncora has a valuation allowance against its Deferred Tax Assets of ~$23 per share. We ascribe zero value to the DTA in our sum-of-the-parts analysis.
10. **Management -** Management has been tenacious in recovering losses. The CEO is the former General Counsel. She has directed a very strong legal attack to recover losses. Examples are the large settlement with JP Morgan, the American Roads pre-packaged bankruptcy plan, and the headlines from Detroit. There are a couple of Board members who hold their seats as a result of the 2009 transaction that gave 40% of the company to Syncora's CDS counterparties.

Risks:

We also believe the Syncora position is very risky. There are scenarios where there is little residual value for equity holders.

1. **Potential Losses**
    a. Detroit – Syncora has $205 million of exposure to Detroit.
    b. Puerto Rico – Syncora has $615 million of exposure to Puerto Rico.
    c. Reliance Rail – Syncora has $950 million of exposure to Reliance Rail in Australia.
    d. Illinois – Syncora has $525 million exposure to Illinois.
2. **Leveraged balance sheet –** Syncora is still heavily leveraged. It has about 22x the exposure compared to its resources for paying claims. The good news is that this is down from 42x at the end of 2009.
3. **Trapped capital –** The capital at Syncora may be trapped in the insurance subsidiary for years as the exposures roll-off.
4. **Liquidity mismatch –** Syncora's management estimates the company has guaranteed approximately $4 billion in bonds that the issuer will have difficulty refinancing at maturity.

Portfolio Analysis

Below are the Fund's largest common equity long and short positions. All data is as of June 30, 2014.

Largest Common Equity Positions

Long	Short
Syncora	Cohen & Steers
Genworth	People's Bank-CT
Ambac	Astoria Financial
VOYA	Mack-Cali Realty
Huntington Bank	Valley National

From this list, we 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 Managers	10.7%	0.0%	10.7%
Asset Managers	4.0%	-2.8%	1.2%
Banks (large)	26.8%	-9.0%	17.7%
Banks (small)	15.4%	-12.7%	2.8%
Broker-Dealers	4.2%	0.0%	4.2%
Exchanges	0.0%	0.0%	0.0%
Life Insurance	11.0%	-0.2%	10.8%
Non-Bank Lenders	17.6%	0.0%	17.6%
P&C Insurance	4.9%	-1.8%	3.0%
Processors	0.0%	0.0%	0.0%
Real Estate	4.3%	-5.2%	-0.9%
Index Hedges	0.0%	-33.6%	-33.6%
Non-Financials	0.4%	0.0%	0.4%
Common Equity-only	107.3%	-67.4%	39.9%

The Fund's gross common exposure is 175% and its net exposure is 40%. Ninety-eight percent of the Fund's positions are in finance-related companies. The non-finance related positions are a position in Plains GP Holdings and a small position in Myrexis, which is a corporate shell with significant tax assets. From this table, we exclude fixed income instruments such as preferred stock. Preferred stock positions account for an additional 6% of the portfolio.

Organizational Changes

As we have stated in past letters, we will be soft closing the Fund when we reach $100 million. The Fund has had reasonable growth over the past two years and there is currently about $60 million invested in the strategy.

On April 1st, we changed the Fund's administrator. The new Fund Administrator is ALPS Fund Services. ALPS is a subsidiary of DST Systems, which is publicly-traded. This operational adjustment is a positive one. If you have any issues logging into their website, please let us know.

Also on April 1st, we opened two additional sleeves of the Fund. We launched a 3(c)7 sleeve for qualified purchasers (investors with more than $5M of investable assets). The fund will allow us to grow our institutional investor base. We also launched an offshore feeder. If you are a non-U.S. investor or a non-taxable investor and would like to move your investment into the offshore feeder, please contact myself or Erik Anderson at (813) 381-5394 or erik.anderson@gatorcapital.com.

Conclusion

We believe our performance in the 1st half of 2014 was adequate, and are looking forward to the 2nd half of 2014. Thank you for entrusting us with a portion of your wealth. On a personal level, I continue to have significantly more than 50% of my liquid net worth invested in the Fund.

As always, we are available by phone whenever you want to discuss the Fund, our other products, 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 on 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 2014 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 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. It 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 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
2014	0.27%	8.12%	(0.48%)	(2.69%)	(0.52%)	0.88%	-	-	-	-	-	-	5.36%
2013	8.26%	3.97%	4.11%	3.80%	5.89%	(3.78%)	2.70%	(3.51%)	(0.71%)	5.06%	4.73%	2.68%	37.76%
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%	7.90%	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 Financials sector. The Fund is run with variable net common exposure in an attempt to produce investment returns that are independent of the market direction of the Financials sector.

The Fund's portfolio is built by performing intensive bottom-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 1,600-plus publicly traded companies in the Financials 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]	$34.2 million
Strategy AUM	$60.7 million
Firm AUM	$111.6 million
Redemptions	Monthly, no lock-up
Minimum Investment	$100,000

Performance Statistics

	GFP	S&P 500[2]	XLF
Avg. Monthly Return	2.85%	0.90%	0.70%
Highest Monthly Return	22.60%	10.93%	21.76%
Lowest Monthly Return	(21.90%)	(16.80%)	(26.17%)
Monthly Comp. Return	2.56%	0.78%	0.36%
Ann. Comp. Return	35.40%	9.76%	4.44%
Cumulative Return	516.20%	74.86%	29.80%
Profitable Percentage	65.3%	68.1%	59.7%
Max Drawdown	(28.92%)	(42.62%)	(63.89%)

Quantitative Statistics

	GFP	S&P 500	XLF
Annualized Return	35.40%	9.76%	4.09%
Standard Deviation	26.96%	17.08%	28.23%
Sharpe Ratio	1.12	0.51	0.13
Sortino Ratio	2.11	0.77	0.21
Downside Deviation	14.54%	12.10%	20.40%

Correlation to Benchmark Trailing 36 Months

	S&P 500	XLF
Alpha (annualized)	9.5%	12.1%
Beta	0.622	0.467
R^2	0.348	0.467

Service Providers

[1] "Fund AUM" is defined as assets under management in Gator Financial Partners, LLC & Gator Financial Partners QP, 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 Financial Partners<LLC. 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. The Financial Select Sector SPDR® Fund (XLF) is an exchange 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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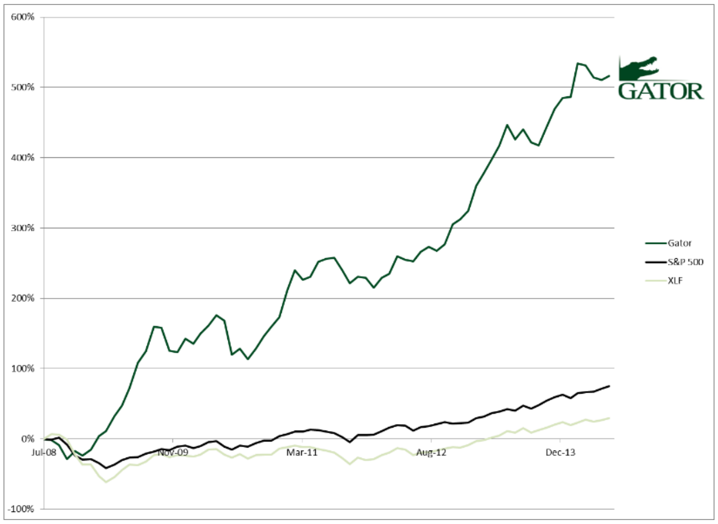
GATOR CAPITAL MANAGEMENT

Gator Financial Partners, LLC

Fund Administrator	ALPS Fund Services
Prime Broker	Interactive Brokers Jefferies
Legal Counsel	Davis Gillett Mottern & Sims
Auditor	Kaufman Rossin

Total Return Since Fund Inception



Disclaimer

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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 Gator Financial Partners, LLC, which is a long/short equity hedge fund focused on the Financials sector. He also manages a long-only Small Cap portfolio, which is offered through a '40 Act open-end mutual fund, the Gator Focus Fund.

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 Financials 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 Financials 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 SEC as a Registered Investment Advisor.[3]

Pilecki's largest personal asset is his investment in the Fund and comprises more than 50% of his liquid 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. We use a bottom-up fundamental analysis to make investments and build the portfolio, one stock at a time. We attempt to own (or go long) undervalued securities and sell short securities that are overvalued. We generally keep the Fund close to market neutral because we 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 in companies with a significant stake (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 a member of the Financials sector 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: "We swing for the fences when we believe the odds are in our favor."). We run the Fund with a concentrated portfolio for several reasons. We believe a concentrated portfolio creates discipline in weeding out bad ideas. Another benefit of a concentrated portfolio is a focus on the 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 the 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 the fund will be out of sync with the market. Please do not expect the Fund to produce steady returns; instead, we 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), we 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. We disclose the entire portfolio to current investors upon request and to prospective investors prior to investment. The Fund has hired an independent auditor, Kaufman Rossin based in Miami, who specializes in hedge funds, to perform the Fund's annual audit. The Fund has also hired an independent third-party administrator, ALPS Fund Services, for fund accounting. As an additional financial control, we cannot authorize a release of money from the Fund's checking account at Wells Fargo unless ALPS also approves the withdrawal. We want to continue to improve the Fund's structure and terms to remain investor-friendly. If you have suggestions, please contact us.

We do offer separate accounts with a $5 million minimum. While we prefer investors to invest directly in the Fund, we 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 our investors come through the Fund or through a separate account, we feel strongly that the money is the investor's money, the investor has given us 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.