GATOR CAPITAL MANAGEMENT

November 17, 2017

Dear Gator Financial Partner:

We are pleased to provide you with Gator Financial Partners, LLC's (the "Fund") Q3 2017 investor letter. This letter briefly reviews the Fund's investment performance for the 3rd quarter of 2017, updates you on the Fund's positioning, discusses our investment thesis on Ares Management, and discusses the Fund's current net exposure and positioning by sub-sector.

Review of Q3 2017 Performance

For the 3rd Quarter 2017 period, we outperformed both the Financials sector and the broader market. For Q3, the Fund returned a positive 6.15%. Carlyle Group, Zions warrants, and Ally Financial were top contributors to 3rd Quarter performance. The largest detractors were OFG Bancorp, Colony NorthStar, and our short in Morningstar. We still own all of these positions.

	Q3 2017	YTD 2017	Total Return Since Inception	Annualized Return Since GFP's Inception
Gator Financial Partners, LLC	6.15%	9.65%	665.94%	24.62%
S&P 500 Total Return Index[1]	4.48%	14.24%	140.61%	9.96%
S&P 1500 Financials Index	5.12%	11.67%	99.30%	7.74%

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.

Ares Management (NYSE: ARES)

We own Ares Management. Ares Management is a Los Angeles-based alternative asset manager that alumni of Apollo Management founded in 1997. Ares specializes in direct private lending, but the firm also has significant private equity and real estate platforms. Ares Management is the third-party manager for the largest publicly-traded business development company (BDC), Ares Capital Corporation (ARCC).

[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 S&P 1500 Financials Index is a market cap weighted index of financial stocks within the S&P 1500 Super Composite Index we used as a proxy for the Financials sector of the U.S. equity market. 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.

Here is our investment thesis on Ares Management:

1) **We Favor Alternative Managers over Traditional Asset Managers -** We also own several other alternative asset managers (Blackstone, KKR, Carlyle & Colony) because we like the tailwinds and structural growth characteristics of this sector.
    a. **Institutional portfolio allocation tailwinds -** We believe large institutions are approaching investing with a barbell strategy. On the one hand, institutions are shifting away from active management to passively managed index funds. To complement the passive strategy with public securities, they are allocating a higher and higher proportion of their portfolio to alternative funds.
    b. **Alternative Managers have more stable AUM –** Alternative managers have a high proportion of their AUM in long-lived or permanent capital structures such as private equity funds where the manager decides when to monetize investments and return capital to investors. Ares also has a significant proportion of its AUM in permanent capital structures such as Ares Capital Corporation. In a permanent capital structure, the investor can never redeem from the fund, so Ares Management's revenue base is more stable due to the permanent capital. If the investor wants to exit their position in a fund with permanent capital, the investor must sell their investment on the secondary market.
2) **Ares is a Leading Alternative Credit Manager and Alternative Credit has tailwinds –** Alternative credit is direct lending outside of the banking system. With $60 billion in AUM in Alternative Credit, Ares is a leader in this area. Alternative credit is growing as continued low-interest rates drive investors to seek higher yields and banks are exiting certain lending segments due to increased regulation.
3) **Attractive Growth of AUM**
    a. **Attractive Performance Track Record –** Ares has attractive performance track records across each of their investment platforms. We believe the track records and their investment process will allow them to continue to raise additional AUM.
    b. **Smaller base allows for higher growth rates –** Over the past ten years, Ares has grown AUM at a 21% compounded annual growth rate (CAGR). Since its IPO, the growth rate has been slower but has reaccelerated this year.
4) **Operating leverage –** Ares Management demonstrated operating leverage over the past year as Management Fee revenue increased 12%, but Fee Related Earnings increased 28%. With margins moving from 26.7% to 29.7% over the past year, we believe margins can continue to expand into the low 30s%.
5) **Step-up in fees due to ACAS merger waiver –** To support the Ares Capital acquisition of American Capital, Ares Management agreed to waive $10 million of quarterly management fees through Q3 2019. When this waiver expires, Ares Management will have a 10% step-up in earnings per share. We think this is exciting because we expect regular earnings to grow in addition to this pending increase.
6) **The potential for increased incentive fees –** With each successive fund, Ares raises more money. For example, Ares's latest private fund was 50% larger than its predecessor. These larger funds increase the potential for Ares Management to earn larger incentive fees. Ares has increased the amount of its incentive eligible AUM by 50% over the past 24 months.

7) **Valuation –** Ares Management has a market capitalization of $4 billion and trades at 10.3x 2018 estimated earnings per share (EPS).
    a. **Not expensive compared to Asset Managers -** Traditional asset managers trade at a median 13.9x 2018 EPS. However, traditional asset managers are facing threats from passive indexing and exchange-traded funds that Ares is not facing.
    b. **Not expensive compared to banks –**Banks with market caps between $3 and $6 billion trade at a median 14.9x 2018 EPS. Ares is a better business than the average regional bank. Ares grows faster than do typical banks, and it does not operate with significant leverage like a bank. Ares also does not need to retain capital to grow because like other asset managers it provides a service for a fee.
    c. **Not expensive on Sum-of-the-Parts basis –** We believe Ares Management is worth $26 on a sum-of-the-parts basis (SOTP). There are three components to our SOTP: Fee Related Earnings, Incentive Fee-Related Earnings, and Net Balance Sheet Assets. We believe Fee Related Earnings will be $263 million in 2018 or $1.30 per share. We apply a 15x multiple to Fee Related Earnings or $19.60 per share. We think Incentive Fees will average $120 million. At a 7x multiple on Incentive Fee Earnings, we value the stream of future Incentive Fees at $3.90. Lastly, Ares Management has net assets on its balance sheet of $2.30.
    d. **Total Return Potential –** Since Ares Management does not need to retain capital to grow, at the current 10x multiple, it could payout all of its earnings for a 10% yield and grow AUM at the recent 9% rate and have high-teens returns for a long time. Plus, the management team could always enhance this potential return through acquisitions.
8) **Management is aligned with shareholders and has solid track record –**
    a. **Management owns 70% of Ares stock –** We always prefer to invest in companies with high insider ownership. Ares's management team owns about 72% of Ares.
    b. **The potential for Inorganic Growth –** Ares Management has a track record of building their business through smart bolt-on acquisitions. Ares Management acquired EIF, an energy-focused private equity manager, in 2015. Their BDC, Ares Capital, has acquired two other BDCs, Allied Capital in 2010 and American Capital in 2017. Ares Management benefits from these acquisitions as their management fees increase with the size of Ares Capital. We believe Ares's management team is always looking to grow through smart acquisitions.
9) **Tax Reform -** If Congress lowers the corporate tax rate to 20%, we believe that Ares's management would seriously consider converting to a C-Corporation from a publicly-traded limited partnership. We believe this would improve the value of Ares's stock price because the increased multiple would more than offset the lower earnings due to corporate taxes paid.

Risks:

1) **Performance –** Ares Management's franchise is at risk to poor performance. However, this is not a current issue for the company. Ares has strong performance across each of its investment platforms. Longer-term, this will always be a threat to Ares.
2) **Less growth from market appreciation than a traditional asset manager –** Because Ares's investment platforms either pay current income or return capital when they harvest

investments, Ares's AUM does not benefit from market appreciation like a traditional asset manager. Ares's growth of AUM will mainly come from raising larger successor funds.

3) **Ares Management trades for a discount for some reasons that may persist**
    a. Ares Management is not as well-known as the other alternative asset managers.
    b. Ares Management has a small float of available stock. Only about $1 billion of the shares trade, so large investors may find difficulty buying and selling normally sized positions. In our experience, this factor prevents several potential investors from performing the required due diligence since they know that they'll be unlikely to acquire a position without impacting the stock price.
    c. Ares Management is a publicly traded partnership, so investors in the stock receive a K-1 issued by the company on an annual basis. Receiving a K-1 prevents many investment managers from buying Ares's for their separate account clients because of tax complications.
    d. Another drawback of being a publicly traded partnership is Ares is not eligible for inclusion in the major indexes. So, Ares stock is not held by many exchange-traded funds.

Portfolio Analysis

Largest Positions

Below are the Fund's largest common equity long and short positions. All data is as of September 30, 2017.

Long	Short
Syncora Holdings Ltd.	Old National Bancorp.
Ambac Financial Group, Inc.	Morningstar
KKR & Co.	Webster Financial
Ally Financial	Iron Mountain
The Blackstone Group LP	Franklin Resources

From this list, we excluded 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 September 30th:

	Long	Short	Net
Alt Asset Managers	26.27%	0.00%	26.27%
Asset Managers	1.60%	-1.85%	-0.25%
Broker Dealers	2.82%	0.00%	2.82%
Banks (large)	31.59%	-26.96%	4.63%
Banks (small)	4.77%	-3.17%	1.60%
P&C Insurance	3.81%	0.00%	3.81%
Life Insurance	3.76%	0.00%	3.76%
Non-bank Lenders	25.34%	-0.89%	24.45%
Processors	0.00%	-3.06%	-3.06%
Real Estate	4.02%	-1.39%	2.63%
Exchanges	0.00%	0.00%	0.00%
Index Hedges	3.81%	-7.10%	-3.29%
Non-Financials	0.00%	0.00%	0.00%
Total	**107.77%**	**-44.41%**	**63.36%**

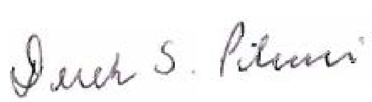
The Fund's gross exposure is 152.2%, and its net exposure is 63.4%. From this table, we exclude fixed income instruments such as preferred stock. Preferred stock positions account for an additional 5.4% of the portfolio. We want to point out that due to the TARP warrants held by the Fund, the net exposure of 63% understates the effective net exposure. Also, the reason there is such a large short position in the Banks (large) is due to hedging a portion of the Fund's TARP warrants.

Conclusion

We continue to see opportunities on both the long and short side of the portfolio to capture value. Thank you for entrusting us with a portion of your wealth. On a personal level, I continue to have more than 80% of my liquid net worth invested in the Fund.

As always, we are 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

Gator Capital Management, LLC prepared this letter. ALPS Alternative Investment Services, LLC, our administrator, is responsible for the distribution of this information and not its content.

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 herein including, without limitation, the manner or type of any Gator Capital investment.

GATOR
CAPITAL MANAGEMENT

Gator Financial Partners, LLC

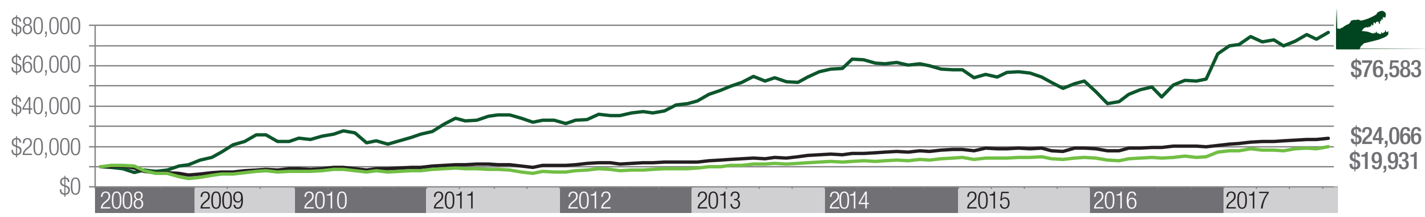
Derek Pilecki, CFA
Portfolio Manager

September 2017

Monthly Performance, Net of Fees

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	1.19%	5.58%	(3.54%)	1.09%	(3.75%)	3.02%	4.78%	(3.21%)	4.67%				**9.65%**
2016	(12.35%)	2.02%	8.77%	4.68%	3.00%	(9.79%)	12.80%	4.95%	(0.77%)	1.72%	23.95%	5.67%	**48.08%**
2015	(6.78%)	3.56%	(2.34%)	3.67%	0.74%	(0.90%)	(3.78%)	(4.55%)	(5.96%)	4.60%	2.49%	(9.85%)	**(18.55%)**
2014	0.27%	8.12%	(0.48%)	(2.69%)	(0.49%)	0.88%	(2.27%)	1.44%	(1.87%)	(2.89%)	(0.04%)	(0.52%)	**(0.97%)**
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%)**

Growth of $10,000



Overview

Gator Financial Partners, LLC (the "Fund") 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 Financial 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.

Private Funds AUM	$39.3M
Strategy AUM	$58.6M
Firm AUM	$74.4M

"PRIVATE FUNDS AUM" IS DEFINED AS ASSETS UNDER MANAGEMENT ("AUM") IN GATOR FINANCIAL PARTNERS, LLC, GATOR FINANCIAL PARTNERS QP, LLC AND GATOR FINANCIAL PARTNERS OFFSHORE, LTD. "STRATEGY AUM" IS DEFINED AS AUM (BOTH IN FUNDS AND IN SMAS) USING THE SAME INVESTMENT STRATEGY AS GATOR FINANCIAL PARTNERS, LLC. "FIRM AUM" IS DEFINED AS ALL AUM BY GATOR CAPITAL MANAGEMENT, LLC.

Performance and Risk Analysis

	Gator Financial	S&P 500 TR	S&P 1500 Financials TR
Average Monthly Return	2.11%	0.89%	0.86%
Monthly Compound Return	1.85%	0.79%	0.62%
Annual Compound Return	24.62%	9.96%	7.74%
Cumulative Return	665.94%	140.61%	99.30%
Profitable Percentage	61.26%	68.47%	58.56%
Max Drawdown	(34.79%)	(42.62%)	(61.55%)

Risk Analysis

	Gator Financial	S&P 500 TR	S&P 1500 Financials TR
Annualized Volatility	25.51%	14.93%	23.34%
Sharpe Ratio (RFR)	0.86	0.63	0.31
Sortino Ratio (RFR)	1.59	0.93	0.45
Downside Deviation	13.93%	10.25%	16.56%

Regression Analysis (Trailing 36 months)

	Gator Financial	S&P 500 TR	S&P 1500 Financials TR
Annualized Alpha	—	(4.39%)	(7.37%)
Beta	—	1.40	1.27
R^2	—	0.38	0.70

Risk Management

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

About Gator Capital Management LLC

Gator Capital Management, LLC was founded in 2008 by Derek Pilecki and is located in Tampa, Florida. Gator Capital Management manages small cap portfolios, separately managed accounts, and sector specific private investment partnerships for private and institutional clients and mutual fund investors. Gator Capital Management is registered with the SEC as a Registered Investment Advisor[1].

Derek Pilecki, CFA

Managing Member and Portfolio Manager

Derek Pilecki is the founder of Gator Capital Management and Portfolio Manager for the Gator Financial Partners, LLC.

Prior to Gator, Derek was a member of the Goldman Sachs Asset Management (GSAM) Growth Equity Team. While at GSAM, Derek provided primary coverage of the Financials for the Growth Team. Prior to GSAM, Derek was an equity analyst at Clover Capital Management and Burridge Growth Partners.

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

Derek's largest personal asset is his investment in the Fund and comprises more than 80% of his liquid net worth.

1. Registration of an investment advisor does not imply any level of skill or training.

GATOR CAPITAL MANAGEMENT

Gator Capital Management, LLC
100 S. Ashley Dr., Suite 895
Tampa, FL 33602
Phone: 813-282-7870

Investment Terms

Management Fee	1.0% of assets annually
Incentive Allocation	20% of profits
High-Water Mark	Yes
Lock-up	None
Redemption Policy	Monthly, 10 business days
Minimum Investment	$100,000

Service Providers

Administrator	ALPS Alternative Investment Services, LLC
Prime Brokers	Interactive Brokers, LLC and Jefferies, LLC
Legal Counsel	Kilpatrick Townsend & Stockton LLP
Auditor	Kaufman, Rossin & Co.

Disclaimer

THIS IS NOT AN OFFERING OR THE SOLICITATION OF AN OFFER TO PURCHASE AN INTEREST IN GATOR FINANCIAL PARTNERS, LLC ("FUND"). ANY SUCH OFFER OR SOLICITATION WILL ONLY BE MADE TO QUALIFIED PURCHASERS BY MEANS OF A CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND ONLY IN THOSE JURISDICTIONS WHERE PERMITTED BY LAW.

AN INVESTMENT IN THE FUND IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. OPPORTUNITIES FOR WITHDRAWAL, REDEMPTION AND TRANSFERABILITY OF INTERESTS ARE RESTRICTED, SO INVESTORS MAY NOT HAVE ACCESS TO CAPITAL WHEN IT IS NEEDED. THERE IS NO SECONDARY MARKET FOR THE INTERESTS AND NONE IS EXPECTED TO DEVELOP.

THE FEES AND EXPENSES CHARGED IN CONNECTION WITH THIS INVESTMENT MAY BE HIGHER THAN THE FEES AND EXPENSES OF OTHER INVESTMENT ALTERNATIVES AND MAY OFFSET PROFITS. NO ASSURANCE CAN BE GIVEN THAT THE INVESTMENT OBJECTIVE WILL BE ACHIEVED OR THAT AN INVESTOR WILL RECEIVE A RETURN OF ALL OR PART OF HIS OR HER INVESTMENT. INVESTMENT RESULTS MAY VARY SUBSTANTIALLY OVER ANY GIVEN TIME PERIOD.

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 S&P 1500 FINANCIALS TOTAL RETURN INDEX IS A MARKET CAP WEIGHTED INDEX OF FINANCIALS COMPANIES IN THE S&P 1500 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 INDICES MAY BE OF LIMITED USE. THE SOURCE OF THE S&P 500 TOTAL RETURN AND S&P 1500 FINANCIALS TOTAL RETURN INDEX DATA IS BLOOMBERG.

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 the Financials sector, 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. 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 Alternative Investment 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.