



March 20, 2018

Dear Gator Financial Partner:

We are pleased to provide you with Gator Financial Partners, LLC's (the "Fund") Q4 2017 investor letter. This letter briefly reviews the Fund's investment performance for the 4th quarter of 2017, reviews the top three contributing and detracting positions in 2017, and discusses the Fund's current net exposure and positioning by sub-sector.

Review of Q4 2017 Performance

For the 4th Quarter 2017 period, we outperformed the broader market but slightly trailed the Financials sector benchmark as illustrated in the table below. For Q4, the Fund returned a positive 7.60%. Zions Bancorporation warrants, NMI Holdings, and Capital One Financial (warrants) were top contributors to 4th Quarter performance. The largest detractors were Ambac Financial, Colony NorthStar, and our short index hedges.

	<u>Q4 2017</u>	<u>YTD 2017</u>	<u>Total Return Since Inception¹</u>	<u>Annualized Return Since GFP's Inception¹</u>
Gator Financial Partners, LLC²	7.60%	17.98%	724.18%	24.86%
S&P 500 Total Return Index³	6.64%	21.83%	156.60%	10.43%
S&P 1500 Financials Index³	8.28%	20.92%	111.33%	8.43%

Positions Driving 2017 Performance

Below is a review of the top three positions contributing and detracting from the Fund's performance in 2017.

Top Three Contributors to 2017 Performance

Zions Bancorporation ("Zions")

The Fund's position in Zions warrants was our largest contributor for the second year in a row. We've owned Zions warrants in the Fund since late 2012 when the U.S. Treasury auctioned their position in Zions warrants to the public. We wrote our investment thesis on Zions warrants in our March 2014 letter.

¹ The Fund's inception date was July 1, 2008.

² Performance presented assumes reinvestment of dividends, is net of fees, brokerage and other commissions, and other expenses an investor in the Fund would have paid.

³ Performance presented assumes reinvestment of dividends. No fees or other expenses have been deducted.

Zions has issued two classes of warrants. The Z class (ticker: ZIONZ) of warrants were issued to the U.S. Treasury as part of the TARP program in November 2008. Zions also issued the W class (ticker: ZIONW) of warrants directly to the public in May 2010. The main difference between the two warrants classes is ZIONZ expires in November 2018 and ZIONW expires in May 2020. In the Fund, we have owned both classes of warrants. In 2017, ZIONZ was up 70% and ZIONW was up 60%.

In early 2018, we exercised ZIONZ through the warrants cashless exercise mechanism and now hold the resulting Zions common stock. We will continue to hold ZIONW until we get closer to their expiration in May 2020.

We continue to think Zions will have higher earnings growth than the general banking industry as it leverages its expense base and implements its new IT systems for loans and deposits. Although we think Zions stock is attractive, we do not believe Zions's board and management team will sell the bank due to its significant position in the Salt Lake City community. Accordingly, we believe Zions stock has the potential to be a long-term investment for the Fund.

Ally Financial ("Ally")

Ally stock returned 56% during 2017. Performance was driven by continued execution of its strategic plan, repurchase of 7% of its shares, and a change in perception of used car prices after Hurricane Harvey destroyed an estimated half-million cars.

We continue to hold our position in Ally due to the company's accelerating earnings growth, strong capital return, and our expectation that Ally's price-to-tangible book discount compared to other regional banks will shrink.

We expect Ally's pre-tax income to grow approximately 15% in both 2018 and 2019 as the company continues to replace high-cost debt with lower cost deposits. We also expect Ally will benefit from new business initiatives in credit card, mortgage, and discount brokerage. Ally trades just below tangible book value when the next cheapest regional bank (Capital One) trades at about 1.5x tangible book.

NMI Holdings ("NMIH")

NMIH stock increased 59% during 2017. NMIH is a de novo mortgage insurer. As it grows each year, it layers new business on a fixed cost structure. This results in significant operating leverage. We expect NMIH have high growth rates from this operating leverage for at least the next three years.

Another boost to NMIH's stock performance was its addition to the S&P 600 Small Cap Index. We continue to hold NMIH stock as we see the company continuing to increase profitability in the coming years. In addition, NMIH trades for only 7.5x 2019 estimated earnings per share.

Top Three Detractors from 2017 Performance

Ambac Financial (“Ambac”)

Ambac had a tough year due to the situation in Puerto Rico. The stock declined 29%. First, the newly elected PR governor has been a disappointment compared to our expectations when he was elected in November 2016. Second, the devastation in Puerto Rico due to Hurricane Maria has sent the price of Puerto Rican bonds down to very low levels. Since Ambac insures about \$2.2 billion of Puerto Rican bonds, its stock price declined after the hurricane.

On the positive side, Ambac was able to negotiate an exit from its regulator imposed segregated account. Also, Ambac has become more aggressive about remediating its potential problem credits. We have added to our Ambac position in early 2018 as we expect Ambac to benefit from three catalysts this year: 1) its already completed exit of rehabilitation, 2) a potential litigation settlement with Bank of America, and 3) improved clarity around the potential recovery in Puerto Rico.

OFG Bancorp (“OFG”)

OFG was also affected by the disappointing situation in Puerto Rico. The stock was down 26% in 2017. We discussed our OFG investment thesis in our Q2 2017 letter. A few weeks after releasing that letter, Hurricane Maria hit Puerto Rico. OFG’s stock price held up well immediately after the storm. When reporting Q3 earnings, OFG added \$27 million to their loss reserve for storm impacts. This result was a pleasant surprise in that it only wiped out one quarter’s earnings and did not affect book value. OFG’s tangible book value remains at \$15.67 and the stock trades for about 75% of tangible book compared to mainland peers at 200% of tangible book value.

We continue to hold our OFG position as we expect the bank to post continued good results. We expect the bank to use its excess capital position for the benefit of shareholders once the situation with Puerto Rico’s debt becomes more clear. This could happen in late 2018 or early 2019.

Colony Northstar (“Colony”)

Colony has been a disappointing performer since the tri-party merger between Colony Capital, Northstar Asset Management, and Northstar Realty. The stock was down 10% in 2017 and has declined further in early 2018. 2017 was a busy year of repositioning Colony’s portfolio, but it became clear during the year that management needed additional time to implement the strategy.

When Colony finishes repositioning its balance sheet, we expect the company to have significant investments in five real estate categories: industrial, health care, hotels, mortgages, and one to-be-determined sector. The company will supplement its investment in each of these categories by raising outside capital to invest along side the company. The company will earn management and incentive fees from this outside capital.

Portfolio Analysis

Largest Positions

Below are the Fund's five largest common equity long and short positions. All data is as of December 31, 2017.

<u>Long</u>	<u>Short</u>
Zions Bancorporation (warrants)	Old National Bancorp
SunTrust Bank (warrants)	Webster Financial
Syncora Holdings	People's United Bancorp
Ambac Financial Group	Franklin Resources
Ally Financial	Community Bank System

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 sector⁴ as of December 31st:

	Long	Short	Net
Alt Asset Managers	23.11%	0.00%	23.11%
Capital Markets	6.39%	-1.09%	5.30%
Banks (large)	29.16%	-8.49%	20.67%
Banks (small)	4.34%	-2.84%	1.50%
P&C Insurance	4.84%	0.00%	4.84%
Life Insurance	4.15%	0.00%	4.15%
Non-bank Lenders	23.25%	-0.54%	22.72%
Processors	0.00%	0.00%	0.00%
Real Estate	4.84%	0.00%	4.84%
Exchanges	0.00%	0.00%	0.00%
Index Hedges	0.00%	-2.07%	-2.07%
Non-Financials	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total	100.09%	-15.04%	85.05%
Preferreds	5.78%	0.00%	5.78%

The Fund's gross exposure is 100.09%, and its net exposure is 85.05%. From this table, we exclude fixed income instruments such as preferred stock. Preferred stock positions account for an additional 5.8% of the portfolio. Because we expected to exercise the Zions and SunTrust warrants, we removed the related hedges before year-end.

⁴ "Financials sector" is defined as companies included in the Global Industry Classification System ("GICS") sectors 40 and 60, which contains financial and real estate companies.

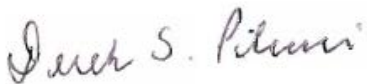
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Conclusion

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,

A handwritten signature in cursive script that reads "Derek S. Pilecki".

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.

General Disclaimer

By accepting this investment letter, you agree that you will not divulge any information contained herein to any other party. This letter and its contents are confidential and proprietary information of the Fund, and any reproduction of this information, in whole or in part, without the prior written consent of the Fund is prohibited.

The information contained in this letter reflects the opinions and projections of Gator Capital Management, LLC (the "General Partner") and its affiliates as of the date of publication, which are subject to change without notice at any time subsequent to the date of issue. All information provided is for informational purposes only and should not be deemed as investment advice or a recommendation to purchase or sell any specific security.

All performance results are based on the net asset value of the Fund. Net performance results are presented net of management fees, brokerage commissions, administrative expenses, and accrued performance allocation, as indicated, and include the reinvestment of all dividends, interest, and capital gains. The performance results represent Fund-level returns, and are not an estimate of any specific investor's actual performance, which may be materially different from such performance depending on numerous factors.

The market indices appearing in this letter have been selected for purposes of comparing the performance of an investment in the Fund 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 the Fund. The Fund is not restricted to investing in those securities which comprise these indices, its performance may or may not correlate to these indices, and it should not be considered a proxy for 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. 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. An investment cannot be made directly in either index. The Fund 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.

Statements herein that reflect projections or expectations of future financial or economic performance of the Fund are forward-looking statements. Such "forward-looking" statements are based on various assumptions, which assumptions may not prove to be correct. Accordingly, there can be no assurance that such assumptions and statements will accurately predict future events or the Fund's actual performance. No representation or warranty can be given that the estimates, opinions or assumptions made herein will prove to be accurate. Any projections and forward-looking statements included herein should be considered speculative and are qualified in their entirety by the information and risks disclosed in the Fund's Private Placement Memorandum. Actual results for any period may or may not approximate such forward-looking statements. You are advised to consult with your own independent tax and business advisors concerning the validity and reasonableness of any factual, accounting and tax assumptions. No representations or warranties whatsoever are made by the Fund, the General Partner, or any other person or entity as to the future profitability of the Fund or the results of making an investment in the Fund. Past performance is not a guarantee of future results.

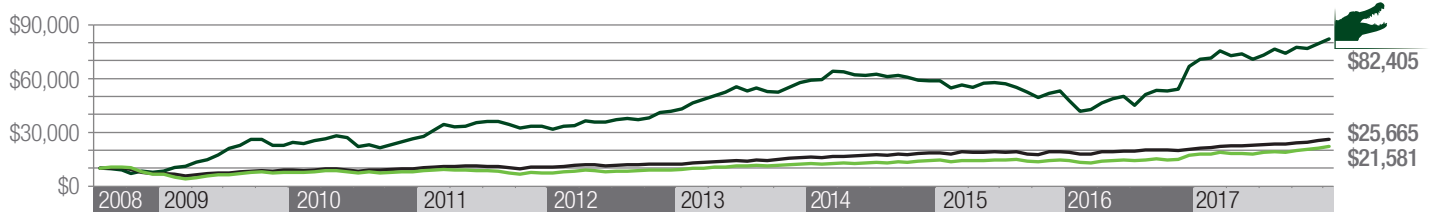
Derek Pilecki, CFA
Portfolio Manager

December 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%	(1.12%)	3.50%	5.14%	17.98%
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 1,000-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	\$43.6M
Strategy AUM	\$62.8M
Firm AUM	\$79.7M

"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
Annual Compound Return	24.86%	10.40%	8.33%
Cumulative Return	724.18%	153.78%	108.18%
Profitable Percentage	61.40%	69.30%	59.65%

Risk Analysis

Annualized Volatility	25.22%	14.75%	23.06%
Sharpe Ratio (RFR)	0.88	0.66	0.34
Sortino Ratio (RFR)	1.63	0.99	0.50
Downside Deviation	13.75%	10.11%	16.34%

Top 5 Long Positions

	% of NAV
Zions Bancorporation (warrants)	11.23%
SunTrust Bank (warrants)	6.92%
Syncora Holdings Ltd.	6.69%
Ambac Financial Group	6.38%
Ally Financial	5.61%

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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 20-50 / 20-50

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 Advisor¹.

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, LLC

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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.