GATOR
CAPITAL MANAGEMENT

July 23, 2018

Dear Gator Financial Partner:

We are pleased to provide you with Gator Financial Partners, LLC's (the "Fund") Q2 2018 investor letter. This letter briefly reviews the Fund's investment performance for the 2nd quarter of 2018, reviews the Fund's investment in the publicly-traded Private Equity Managers, presents our investment thesis on Ameriprise Financial, and discusses the Fund's current net exposure and positioning by sub-sector.

Review of Q2 2018 Performance

For the 2nd quarter of 2018, we outperformed the Financials sector benchmark, but lagged the overall market. For Q2, the Fund returned a positive 1.53%. OFG Bancorp, Ambac Financial, and KKR & Co., L.P. were top contributors to 2nd Quarter performance. The largest detractors were Syncora Financial, Barclays PLC, and Capital One warrants.

	Q2 2018	2018 YTD	Total Return Since Inception[1]	Annualized Return Since GFP's Inception[1]
Gator Financial Partners, LLC[2]	1.53%	2.73%	746.69%	23.81%
S&P 500 Total Return Index[3]	3.43%	2.65%	163.40%	10.17%
S&P 1500 Financials Index[3]	-2.79%	-3.37%	108.52%	7.63%

Publicly-Traded Private Equity Managers

We've owned a significant position (i.e., ~20% of the Fund) in the publicly-traded private equity managers for several years. Our main positions have been in private equity firms like KKR, Blackstone, Carlyle and Ares Management. We have liked the private equity managers for several years. Our investment thesis has been: 1) the private equity asset class continues to grow and to take share within asset management as more institutional investors expand their allocations to alternatives, 2) the private equity managers have been making significant investments to expand their platforms at a cost to current earnings, but these investments will generate attractive returns for many years in the future, 3) the business models provide for asymmetric returns due to performance fees, but the stock market places almost no value on these potential performance fees due to their volatility, and 4) the valuations have been consistently low due to their corporate structures as publicly-traded partnerships which have prevented or discouraged investors from owning the partnership units.

[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.

The private equity firms, led by KKR, have had good stock market performance so far in 2018 due to the change in corporate structure by KKR and Ares Management away from publicly traded partnerships to the more common C corporation structure. As publicly traded partnerships, these firms were difficult for tax-exempt investors to own directly because the private equity firms issued K-1's and generated unrelated business taxable income. The private equity firms were also not eligible for inclusion in the major indexes because the indexes typically exclude all publicly traded partnerships. Not being included in the indexes removed three major sources of demand: 1) passively managed index mutual funds and exchange-traded funds did not own these firms, 2) active managers with tax-exempt clients would avoid these firms because they could not own them across all their client accounts, and 3) other active managers had little interest in the companies because they were not included in their benchmarks.

Even with the change to C corporations, the firms are still not eligible for inclusion in all the indexes. To become eligible for the Standard & Poor's indexes, the private equity managers must make three changes: 1) convert to a C Corporation for corporate tax purposes (which both KKR and Ares have done), 2) convert their corporate structure from a limited partnership to a corporation (which KKR has done), and 3) allow their publicly-traded shares to have some voting rights (which neither has done). We believe that over time KKR and Ares will address these remaining issues and will eventually get added to the S&P indexes. We do believe KKR will be added to The CRSP Indexes, which are produced by The Center for Research in Security Prices, in their September rebalancing. Most passive Vanguard funds track the various CRSP indexes. We believe Blackstone will follow KKR's path and convert to a C Corporation. We believe Carlyle will eventually convert as well, but we believe the timing is uncertain and may be several years in the future due to Carlyle's lower proportion of profits from management fee revenues that are already fully taxed.

Owning the private equity managers has risks that we recognize. These firms have significant leverage to an economic cycle, so in a recession, we expect them to underperform the market. We are comfortable with this risk because we believe these firms are resilient due to their uncalled capital commitments and their flexibility to wait and sell their portfolio positions as markets recover. Another risk is the current environment for private equity investing appears frothy. In our research, we see many owners of local business selling to private equity firms at high valuations. We believe rolling up local small businesses is a minor part of the publicly traded private equity firms' investment strategies. We see a fertile investment environment in the small-cap value area of the publicly traded companies for private equity firms to make acquisitions at low and reasonable multiples. As KKR mentioned in their recent Investor Day, 50% of the companies in the Russell 2000 index trade below 9x EBITDA.

We have liked the private equity managers as investments for a long time. With the change in the corporate structures, the value of these firms is beginning to be reflected by the stock market. Whenever I talk to investors about these firms, I always suggest buying the publicly traded private equity managers rather than investing in these firms' investment funds. By owning the management companies, you will probably have higher returns, you will have near complete liquidity versus being locked-up in one of their funds for 15 years, and you will have your economic interests aligned with the management teams, whom all own significant stakes in their respective firms.

Ameriprise Financial (NYSE: AMP)

We've recently added to our position in Ameriprise Financial. We think the current 9.6x forward PE ratio is a very attractive valuation given Ameriprise's growing financial advisor business.

We purchased our initial position in Ameriprise in 2016. In 2016, Ameriprise was trading at a low forward PE multiple of 9.5x due to the risk of the proposed DOL Fiduciary Rule. Ameriprise rallied strongly right after the 2016 Presidential Election on the expectation that the new Republican Administration would reduce the burden of the DOL. This market expectation came to pass, and Ameriprise was a strong performer in 2017, rising 56.6%. However, since the start of 2018, Ameriprise has underperformed both the broader market and the Financials sector due to concerns about its Long-Term Care insurance business, which is in run-off. Ameriprise's valuation has returned to the same multiple as our original purchase, so we've added to the position.

Ameriprise Financial is a financial planning firm with several businesses that support the core financial planning business. The other businesses are investment management, life insurance, and property & casualty insurance. Ameriprise became an independent company in September 2005 when it spun-off from American Express. Since coming public, Ameriprise's stock has outperformed the S&P 500 and the S&P 1500 Financials Index with an annualized compounded return of 13.1% annually versus 8.9% and 3.8% for the respective benchmarks. Ameriprise's predecessor firm, IDS, was acquired by American Express in 1984.

Here is our investment thesis:

1. **We like the economic models of Ameriprise's financial advisory and investment management businesses –** There are many reasons to like the financial advisory and investment management businesses. The business models are very attractive compared to most other financial services companies. Revenues are recurring. The revenues grow with the market due to the assets under management pricing model. Most costs are fixed which leads to operating leverage. The business does not require significant capital and no marginal capital, so all income generated by the business is free to be paid to shareholders or used for accretive acquisitions.

2. **We view financial advisors as attractively positioned due to direct client relationships.** With the shift from actively managed mutual funds to passive mutual funds and exchange-traded funds ("ETFs"), we believe the financial advisory business is better positioned because they control the client relationships. This compares favorably to investment managers who very often obtain clients through intermediaries. Because financial advisors have direct relationships with their clients, they have less customer churn and more stable pricing than investment advisors. Financial advisors have shifted their compensation from commissions paid by mutual fund companies to charging their clients directly a fee for placing them into the lowest cost version of the same mutual funds or shifting to even lower cost ETFs.

3. **Ameriprise is cheap compared to peer Financial Advisors** – Ameriprise trades for a 9.6x Price/Earnings multiple ("P/E") while peers Raymond James trades at 14.0x and LPL Financial trades at 14.2x. We think Ameriprise should trade at a 1x or 2x multiple discount to these two peers because Ameriprise's insurance subsidiary is a lower multiple business, but we believe the current discount is too wide.

4. **Ameriprise is cheap compare to Investment Managers despite being better positioned –** Ameriprise trades substantially cheaper than Blackrock (18.2x P/E), T Rowe Price (16.7x P/E), and Eaton Vance (16.7x P/E). Based on this view, we'd argue that both Raymond James and LPL Financial are better values than Blackrock, T Rowe Price and Eaton Vance.

5. **Ameriprise has potential earnings upside by launching a bank for its brokerage customers –** Ameriprise is planning to launch a bank for its customers. This bank would gather deposits by sweeping the residual cash from its customers' brokerage accounts. This is a similar strategy used by most of its major competitors such as Raymond James, Morgan Stanley and Stifel Financial. The bank could provide a stable and growing source of earnings.

6. **Ameriprise has potential to shut down its low multiple property casualty insurance division –** Ameriprise's insurance divisions drag down its valuation multiple. We believe there is a possibility that Ameriprise could shut down its property & casualty division. Ameriprise's insurance division has had an uneven record of producing profits. Ameriprise has had an affinity relationship with Costco Wholesale where Costco refers its customers to Ameriprise.

7. **Ameriprise has a long history of shareholder-friendly capital management –** Ameriprise's management team has demonstrated a commitment to using free cash flow to repurchase shares. Since the stock consistently trades at a discount to intrinsic value, we believe the share repurchases have created value for shareholders. At the end of 2009, Ameriprise had 255 million shares outstanding. By the end of 2017, the number of shares outstanding had declined to 147 million. The represents a 7% annualized decline in shares outstanding.

Risks:

While we believe the investment case for Ameriprise is compelling, there are significant risks to the business. Many of these risks are the reasons for its compelling valuation:

1. **Leveraged to stock market –** Ameriprise earnings are leveraged to the stock market because its revenues are dependent on stock market values and client flow is positively correlated with a rising market. Over the long-term, Ameriprise benefits from a rising market, but in bear markets, Ameriprise will probably underperform. Over the last 2 years, Ameriprise's stock has had a beta of 1.75x[4]. This is higher than almost all of its peers.

2. **Competition for financial advisors is intense –** The competition for financial advisors is intense. The intensity has declined marginally over the last 20 years, but it still remains fierce. The individual advisors control the client relationships, so the firm must cater to the advisors. There are limited number of firms for advisor to move to and there is real risk to advisors when they change firms that not all their clients will follow them.

3. **Long-Term Care insurance closed block –** Long-Term Care Insurance is a very problematic type of insurance due to the very-long tail nature of the business. Insurance companies essentially

[4] Source: Bloomberg 7/18/2018

sell this insurance to 60-year old's for when they may go into a nursing home at 85. The insurance companies have badly underestimated the number of people who will eventually use the insurance, have over-estimated the number of people who will let their insurance policies lapse before they ever make a claim, and under-estimated the cost of care. These problems have been well-known for years, and many companies have exited the business, but the policies stick around for decades. Ameriprise stopped writing these policies at least 13 years ago and reinsured half of their exposure to another company, Genworth Insurance. Genworth has run into problems of its own, so some market participants have become concerned that Ameriprise will not get full protection from Genworth. We think the market's over-reaction to this risk has created some of the current opportunity we see in Ameriprise's shares.

4. **Investment Management business faces headwinds –** The investment management business is facing significant headwinds from 3 main sources: 1) investors are shifting to lower fee passive portfolios, 2) intermediary firms are exerting their power as gate-keepers to make it difficult for investment management firms to get access to customers, and 3) exchange-traded funds have significant tax-advantages over mutual funds. The stock market has begun to take these headwinds into account as the median investment manager stock is down 14.7% year-to-date.[5]

Portfolio Analysis

Largest Positions

Below are the Fund's five largest common equity long and short positions. All data is as of June 30, 2018.

Long	Short
Zions Bancorporation (stock & warrants)	Webster Financial
SunTrust Bank	Northwest Bancshares, Inc.
Ambac Financial Group	Community Bank System
KKR & Co. LP	Heritage Financial Corporation
Syncora Holdings	Berkshire Hills Bancorp

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[6] as of June 30th:

[5] Source: Bloomberg through 7/20/2018.
[6] "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.

	Long	Short	Net
Alt Asset Managers	22.15%	0.00%	22.15%
Capital Markets	4.15%	0.00%	4.15%
Banks (large)	35.49%	-8.16%	27.33%
Banks (small)	6.39%	-9.92%	-3.53%
P&C Insurance	4.60%	0.00%	4.60%
Life Insurance	0.00%	0.00%	0.00%
Non-bank Lenders	25.61%	-0.49%	25.12%
Processors	0.00%	0.00%	0.00%
Real Estate	4.34%	0.00%	4.34%
Exchanges	0.00%	0.00%	0.00%
Index Hedges	0.00%	-7.04%	-7.04%
Non-Financials	0.00%	0.00%	0.00%
Total	102.73%	-25.60%	77.61%
Preferreds	5.35%	0.00%	5.35%

The Fund's gross exposure is 102.7%, and its net exposure is 77.6%. From this table, we exclude fixed income instruments such as preferred stock. Preferred stock positions account for an additional 5.4% of the portfolio.

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,

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.

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Gator Financial Partners, LLC

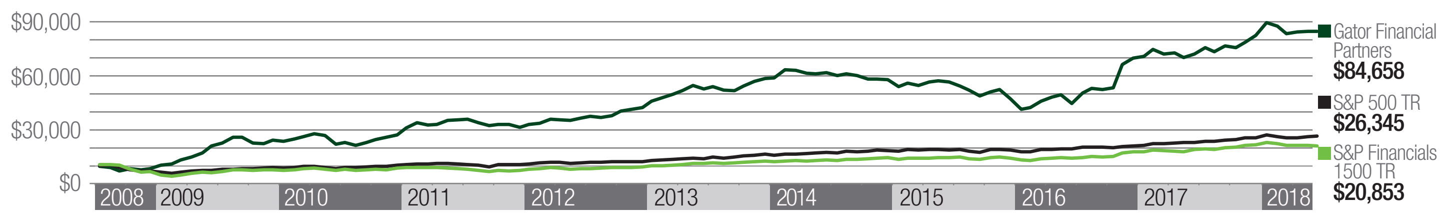
Derek Pilecki, CFA
Portfolio Manager

June 2018

Monthly Performance, Net of Fees

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	8.59%	(2.36%)	(4.57%)	1.20%	0.44%	(0.12%)							**2.73%**
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.

Strategy AUM	$55.60M
Firm AUM	$116.90M

“STRATEGY AUM” IS DEFINED AS ASSETS UNDER MANAGEMENT (BOTH IN 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 and Risk Analysis

	Gator Financial	S&P 500 TR	S&P 1500 Financials TR
Annual Compound Return	23.81%	10.17%	7.63%
Cumulative Return	746.69%	163.40%	108.52%
Profitable Percentage	60.83%	69.17%	57.50%

Risk Analysis			
Annualized Volatility	24.81%	14.58%	22.63%
Sharpe Ratio (RFR)	0.95	0.66	0.29
Sortino Ratio (RFR)	1.60	0.98	0.46
Downside Deviation	13.50%	9.96%	16.00%

Top 5 Long Positions	% of NAV
Zions Bancorporation (warrants)	12.74%
SunTrust Bank	8.26%
Ambac Financial Group	8.23%
KKR & Co. LP	8.04%
Syncora Holdings Ltd.	7.81%

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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 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.

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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