GATOR CAPITAL MANAGEMENT

January 2020 Investor Letter

REVIEW OF 4th QUARTER PERFORMANCE

The Fund slightly lagged the Financials sector benchmark and the overall market. But we wrapped up a successful overall 2019 with a 38.10% return vs. the Financials sector at 31.22% and the S&P 500 returning 31.49%.

RESEARCH SPOTLIGHT – MERGER OF EQUALS

A new trend emerged in bank mergers in 2019: the merger of equals (or "MOE"). While MOEs have been around for decades, few have been announced in the last 20 years.

Dear Gator Financial Partner:

We are providing you with Gator Financial Partners, LLC's (the "Fund" or "GFP") Q4 2019 investor letter. This letter reviews the Fund's investment performance for the 4th quarter of 2019, provides updates on different investment themes within the Fund's portfolio, discusses mergers of equals as an emerging trend in regional bank mergers, and discusses the Fund's current net exposure and positioning by sub-sector.

REVIEW OF Q4 2019 PERFORMANCE

For the 4th quarter of 2019, we slightly lagged the Financials sector benchmark and the overall market. But we wrapped up a successful overall 2019 with a 38.10% return vs. the Financials sector at 31.22% and the S&P 500 returning 31.49%. In the 4th quarter, Victory Capital, Barclays, NMIH Holdings, and Western Alliance Bancorporation were top contributors to performance. The largest detractors were AIG warrants, Fannie Mae preferred stock, Kingstone Companies, and Ally Financial.

	Q4 2019	YTD 2019	Total Return Since Inception[1]	Annualized Return Since Gator's Inception[1]
Gator Financial Partners, LLC[2]	7.32%	38.10%	855.88%	21.69%
S&P 500 Total Return Index[3]	9.07%	31.49%	222.60%	10.72%
S&P 1500 Financials Index[3]	9.94%	31.22%	146.56%	8.16%

Source: Gator Capital Management & Bloomberg

[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. Past performance is not indicative of future results. Please see General Disclaimer on page 9.
[3]Performance presented assumes reinvestment of dividends. No fees or other expenses have been deducted.

UPDATE ON INVESTMENT THEMES IN FUND'S PORTFOLIO

We like to use investment themes to help our investors understand where we see the best opportunities. Usually, our investment themes start with a single position. We often find other companies that will benefit from the same dynamics, and we develop a new theme in the portfolio. For example, we purchased KKR & Co, Inc. in 2010 because we thought the shares were mispriced due to the unusual way the shares started trading on the New York Stock Exchange. KKR was taken public through a reverse merger with an affiliated company listed in Amsterdam. Then, management moved the listing to the NYSE. Since Wall Street banks did not participate in the IPO process, it took a few months for sell-side research to appear on KKR. Plus, most large institutional investors hadn't met with KKR's management. After we purchased shares in KKR, we started analyzing other private equity firms and eventually purchased positions in Blackstone and Apollo. Later, we added positions in Carlyle and Ares Management.

Sometimes, we will identify an attractive stock and find its peers are attractive as well. However, we decide to limit our exposure to that opportunity. For example, last January, we purchased Victory Capital because we thought the market was not pricing in the earnings improvement from their acquisition of USAA Mutual Funds. When we were doing our analysis of Victory, we saw that several other asset management companies traded at EV/EBITDA multiples of 5x or less. We considered purchasing positions in these companies, but we ultimately decided that the ongoing pressures on the asset management industry were not worth the risk of adding additional exposure beyond the unique dynamics of Victory's USAA acquisition. Ultimately, we did not develop an investment theme labeled "Cheap Asset Managers," and we continue to own Victory Capital as a one-off position in the portfolio.

The following is a review of the major investment themes in the portfolio. We also own a few positions that are not captured within these themes.

FINANCIAL GUARANTY RECOVERY

Our Financial Guaranty Recovery theme was a stalwart again this year. The various Fannie Mae preferred issues that we own rose approximately 80% in 2019. Syncora and Ambac were up 27% and 25%, respectively.

We reviewed our updated investment thesis on Fannie Mae in last January's investor letter. We remain quite bullish on Fannie Mae's preferred shares. We think the next catalysts for the shares will be:

1) The regulator announcing hiring a financial advisor to advise it on the GSE recapitalization

2) Fannie Mae and Freddie Mac announcing hiring investment banks to underwrite their respective secondary offerings

3) The regulator resolving the senior preferred stock owned by the U.S. Treasury

4) The regulator allowing Fannie Mae and Freddie Mac to exit Conservatorship, but operate under a Consent Decree

We see some election risk in our GSE position. However, we believe the regulator and the U.S. Treasury are moving quickly enough to put Fannie Mae's exit from Conservatorship on a glide path that won't change if the Democratic nominee wins the election in November.

Our successful holding of Syncora is coming to an end. In late 2019, Syncora's management sold the company's insurance subsidiary to a hedge fund. This sale converted most of the company's assets into cash, which will be distributed to shareholders shortly. The price obtained for the insurance subsidiary was below our expectations. We would have preferred management to continue to runoff the insurance exposures and distribute cash to shareholders, as the regulator allowed them to release capital from the insurance subsidiary. Overall, our holding of Syncora has been very profitable, so the small negative at the end doesn't take too much away from the overall investment success. Soon, Syncora is going to make a cash distribution equal to approximately 90% of its value. After the distribution, Syncora will have three remaining assets. The company will liquidate these assets over the next year and distribute the proceeds.

Ambac had a decent year in 2019, but we expect 2020 could be the year where we finally see upside value. The judge set July 2020 as the trial date for the lawsuit against Bank of America/Countrywide. We expect the parties to settle the lawsuit around the time the trial begins. Currently, both Ambac and Bank of America ("BofA") set up litigation reserves that anticipate BofA paying Ambac $1.6 billion. But Ambac is suing BofA for $4.0 billion. We believe if Ambac only receives the $1.6 billion as a settlement from BofA, its stock will rise because the quality of its book value will materially improve. However, if Ambac were to receive $2.5 billion from BofA, Ambac's book value will increase from $30 to $50. We look forward to a potential settlement in July.

CONSUMER FINANCE

We continue to own several companies within our Consumer Finance theme: NMIH Holdings, OneMain Financial, SLM Corp, and Ally Financial. NMIH and OneMain were both up approximately 85% in 2019. Ally's stock posted a strong performance as well and was up 38% for the year. SLM only rose 8.6%, but we believe it continues to represent one of the best values in our portfolio.

Consumer Finance companies continue to beat expectations on credit due to the strong consumer. Despite the strong credit quality, the consumer finance stocks continue to trade at discounts to the regional banks even though growth rates and returns are higher than the regional banks. Plus, we believe our consumer finance stock holdings have lower interest rate sensitivity than the regional banks.

ALTERNATIVE ASSETS MANAGERS

Alternative Asset Managers were a huge contributor to the Fund's return in 2019. We sold most of our positions in this theme because we felt we had been paid for the risk we took. We believe these businesses have huge tailwinds behind them, and we like the upside optionality provided by the incentive fees, but we recognized the multiples had risen on the stocks. We also remember how poorly the stocks performed during the tough credit market of 2015. We sold Ares, Blackstone, and Carlyle Group. We continue to own KKR but have trimmed our position.

Wall Street Banks (f/k/a European Banks)

We renamed this theme as Wall Street Banks instead of European Banks. There were several reasons for this:

1) Our three European bank positions (Barclays, Credit Suisse, and UBS) all have significant operations on Wall Street

2) We built a large position in Goldman Sachs last summer

3) We sold our UBS position to recognize the short-term capital loss and replaced it with a position in Morgan Stanley.

We have not yet swapped back into UBS. So, our holdings in this theme are Goldman, Barclays, Credit Suisse, and Morgan Stanley. We also have a small position in Cowen.

We think the Wall Street Banks are very inexpensive relative to their histories. Goldman and Morgan Stanley trade just above tangible book value. Barclays and Credit Suisse trade for 65% and 80% of tangible book value. All four banks are expanding margins through better management of expenses and improving returns. Each is returning excess capital to shareholders mainly through share repurchases. With the valuations at these low levels, share repurchases by these banks are adding value.

GROWTH REGIONAL BANKS

In our October letter, we discussed the opportunity in Growth Regional Banks trading for large discounts compared to their growth rates. We own positions in SVB Financial and Western Alliance. We recently purchased Independent Bank of Texas (see our write-up in this letter). We also have a pipeline of other Growth Banks that we continue to analyze and hope to add to this investment theme. We believe this is a pretty simple investment theme and don't expect the discounted valuations to persist.

TARP WARRANTS

The TARP warrants theme is much smaller in the portfolio than in the past because most of the warrants expired in late 2018 and early 2019. We still own warrants on Zions Bancorporation and AIG. Both of these issues expire within the next 12 months. We also continue to own significant positions in the common stock of Zions and Truist (f/k/a SunTrust) that we purchased from exercising the TARP warrants we owned of those two banks. We have been trimming our Zions and Truist positions as we see opportunities.

RECAP OF INVESTMENT THEMES

After selling most of our Alternative Asset Managers and TARP Warrants, we see the primary investment themes in the portfolio as Financial Guaranty Recovery, Consumer Finance, Wall Street Banks, and Growth Regional Banks.

MERGER OF EQUALS: AN EMERGING TREND IN BANK MERGERS

A new trend emerged in bank mergers in 2019: the merger of equals (or "MOE"). While MOEs have been around for decades, few have been announced in the last 20 years. In the late 1990s, there were several famous MOEs such as NationsBank/Bank of America, Norwest/Wells Fargo, Travelers/Citibank, and Chase Manhattan/J.P. Morgan that formed what are now the four largest banks.

TCF Financial and Chemical Financial kicked off the 2019 revival of MOEs in January. BB&T and SunTrust followed with the largest MOE deal of the year in February. Other MOE deals announced were First Horizon and IberiaBank in November, and Texas Capital and Independent Bank in December.

In many bank acquisitions, the acquirer's stock price does not rise. We interpret this to mean that it is rare for an acquisition to create value for acquirers. Instead, we believe the value creation in a bank acquisition accrues to the shareholders of the acquired bank. Since the acquired bank's management and board are likely losing their positions, status and incomes, they generally don't want to sell their banks for no premium. Banks interested in selling often have multiple options of potential banks to whom they can sell, so the value created by combining the banks is naturally captured by the acquired bank.

MOEs are interesting for investors because the value creation is shared by both bank's shareholders. Instead, the two banks share in the value creation. Value creation in MOEs is usually driven by cost-cutting opportunities. For instance, there are too many bank branches. Bank back offices have too much capacity, and banks have a large number of non-revenue producing staff. Banks in an MOE will close branches and trim non-revenue producing staff without hurting revenue much at all. MOEs capture the value of the cost-cutting and both sets of shareholders benefit from the value created.

MOEs can be difficult due to social issues. The MOEs that run into problems if one bank's management team thinks they are in charge and the other bank's management team thinks they are equals. Even though both parties in the deals are considered equals, only one executive can be CEO of the surviving institution. In MOEs, the two different bank cultures can clash. Working through different cultural issues can take years. I believe the clashes between Sandy Weil and John Reed after Travelers and Citibank merged are a classic example of this happening.

If two banks can agree to an MOE and work through social issues, we believe they are an interesting place for shareholder returns. Both sets of shareholders can share in the value creation from cost-cutting opportunities.

We purchased a position in Independent Bank Group ("IBTX") a few weeks after the announcement of their MOE with Texas Capital Bancshares. The following is our investment thesis on Independent Bank Group:

INDEPENDENT BANK GROUP AND TEXAS CAPITAL BANCSHARES MOE

Independent Bank Group (or "IBTX") and Texas Capital Bancshares (or "TCBI") announced a MOE in December. This MOE is unusual because IBTX is 1/3 the size of TCBI, so they are not equal size institutions. But, IBTX's shareholders will end up owning 45% of the combined bank. IBTX's CEO, David Brooks, will become the CEO of the combined banks. Because IBTX trades at 2.1x tangible book and TCBI trades at 1.2x tangible book, the merger will be 27% accretive to IBTX's book value and 26% accretive to IBTX's 2021 EPS. We purchased a position in IBTX a few weeks after the merger announcement. Although the shares of both banks rallied on the day of the merger announcement, they declined more than 10% by the time we purchased our position.

Investment Thesis:

1) David Brooks is a banking entrepreneur – Brooks has been involved in IBTX since he led the investor group that acquired Independent Bank in 1988. At the time, the bank had $50 million in assets. After the MOE with TCBI, the bank will have more than $50 billion in assets. We believe Brooks is a money-maker and will create value for shareholders going forward.

2) Discounted to peers – IBTX trades at 8.4x 2021 estimated earnings. This estimate of 2021 earnings assumes the merger accretion and 75% of the estimated cost savings. This is the lowest valuation of the 40 other mid-cap banks with market caps between $3B and $8B. We believe this reflects the risk of the merger closing, the risk of the merger integration being difficult, and the risk of TCBI's large corporate loan portfolio experiencing credit issues.

We think the valuation gap will disappear as the merger closes, the merger integration proceeds, minimal credit issues appear in the TCBI loan portfolio, and organic growth resumes. We believe three years from now, IBTX can trade at $110 or 13.5x our 2023 estimate of $8.15 in earnings per share. At $110, IBTX's stock would double in three years.

3) History of organic growth – IBTX and TCBI have grown deposits per share at 12.3% and 13.9% since coming public in 2013 and 2003, respectively. We expect this rate of organic growth to continue with the merged bank.

4) Conservative cost-cutting estimates in guidance – IBTX/TCBI estimates that they will be able to cut 11% of the combined bank's expenses. 11% is the same amount of cost savings estimated by First Horizon and IberiaBank ("FHN/IBKC") in their MOE. The key difference is 73% of IBTX's branches overlap, and FHN/IBKC has minimal branch overlap. We think IBTX/TCBI will be able to drive better than expected cost cuts.

5) Additional flexibility to grow certain loan categories – The MOE of IBTX/TCBI will bring balance to the loan portfolio. IBTX had a significant commercial real estate ("CRE") concentration. TCBI had a concentration in mortgage banking warehouse lending and large corporate loans. The combination will diversify the loan portfolio and allow IBTX to grow in CRE.

Issues with the IBTX/TCBI MOE

1) Different operating models – IBTX and TCBI have different operating models, and they may be difficult to integrate. IBTX has a loan portfolio with smaller loans, and they operate many smaller branches in small towns surrounding larger cities. TCBI is more focused on larger loans and has few very large branches in downtown business districts of the major cities in Texas. IBTX also has a Colorado operation that will represent only about 7% of the combined bank. These two operating models may be difficult to integrate.

2) Credit concerns at TCBI – TCBI was trading at close to tangible book value because of investor concerns about the credit quality of their loan portfolio. In early 2019, TCBI showed troubling trends in its criticized loans. The area of concern was their energy and leveraged loan portfolios. The criticized loan trends improved in Q3 2019. But, non-accruals ticked higher in Q3 despite significant charge-offs. If the economy goes through a credit cycle in the near-term, TCBI loan portfolio is at-risk given that it is already showing some signs of stress.

3) Scope of the combined entity – The MOE of IBTX and TCBI will create a bank with $50 billion in assets. David Brooks, the IBTX CEO, will become the CEO of the combined entity. IBTX was only $13 billion before this merger. Brooks has been with IBTX since 1988 when it was $50 million. He has never worked at a large bank.

PORTFOLIO ANALYSIS

Below are the Fund's five largest common equity long and short positions. All data is as of December 31, 2019.

Long	Short
Zions Bancorporation (stock & warrants)	U.S. Bancorp
Fannie Mae preferred stock	People's United Financial
Syncora	Iron Mountain
Ambac Financial Group	PNC Financial Services
Truist Financial (f/k/a SunTrust)	Fulton Financial

SUB-SECTOR WEIGHTINGS

Below is a table showing the Fund's positioning within the Financials sector as of December 31st:

	Long	Short	Net
Alt Asset Managers	6.49%	0.00%	6.49%
Capital Markets	25.35%	0.00%	25.35%
Banks (large)	31.12%	-11.44%	19.68%
Banks(small)	2.73%	-8.14%	-5.42%
P&C Insurance	3.20%	0.00%	3.20%
Life Insurance	0.00%	0.00%	0.00%
Non-Bank Lenders	30.16%	-0.57%	29.59%
Processors	0.00%	-1.47%	-1.47%
Real Estate	2.19%	-4.17%	-1.98%
Exchanges	0.00%	0.00%	0.00%
Index Hedges	0.00%	-0.98%	-0.98%
Non-Financials	0.00%	0.00%	0.00%
Total	**101.23%**	**-26.76%**	**74.47%**

The Fund's gross exposure is 101.23%, and its net exposure is 74.47%. From this table, we exclude fixed income instruments such as preferred stock. Preferred stock positions account for an additional 10.5% of the portfolio.

CONCLUSION

Thank you for entrusting us with a portion of your wealth. On a personal level, Derek Pilecki, the Fund's Portfolio Manager, continues to have more than 80% of his 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,

Gator Capital Management

[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.

Gator Capital Management, LLC

CONTACT US

100 S. Ashley Dr., Suite 895
Tampa, FL 33602
phone: (813) 282-7870
email: info@gatorcapital.com
website: gatorcapital.com

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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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- A Private Fund represents a speculative investment and involves a high degree of risk. Investors must have the financial ability, sophistication/experience and willingness to bear the risks of an investment in a Private Fund. An investor could lose all or a substantial portion of his/her/its investment.

- An investment in a Private Fund is not suitable for all investors and should be discretionary capital set aside strictly for speculative purposes. Only qualified eligible investors may invest in a Private Fund.

- A Private Fund's prospectus or offering documents are not reviewed or approved by federal or state regulators and its privately placed interests are not federally, or state registered.

- An investment in a Private Fund may be illiquid and there are significant restrictions on transferring or redeeming interests in a Private Fund. There is no recognized secondary market for an investor's interest in a Private Fund and none is expected to develop. Substantial redemptions within a limited period of time could adversely affect the Private Fund.

- Certain portfolio assets of a Private Fund may be illiquid and without a readily ascertainable market value. The manager's/advisor's involvement in the valuation process creates a potential conflict of interest. Instances of mispriced portfolios, due to fraud or negligence, have occurred in the industry.

- A Private Fund may have little or no operating history or performance and may use performance information which may not reflect actual trading of the Private Fund and should be reviewed carefully. Investors should not place undue reliance on hypothetical, pro forma or predecessor performance.

- A Private Fund may trade in commodity interests, derivatives and futures, both for hedging and speculative purposes, and may execute a substantial portion of trades on foreign exchanges, all of which could result in a substantial risk of loss. Commodities, derivatives and futures prices may be highly volatile, may be difficult to accurately predict, carry specialized risks and can increase the risk of loss.

- A Private Fund's manager/advisor has total trading authority over a Private Fund. The death or disability of a key person, or their departure, may have a material adverse effect on a Private Fund.

- A Private Fund may use a single manager/advisor or employ a single strategy, which could mean a lack of diversification and higher risk. Alternatively, a Private Fund and its managers/advisors may rely on the trading expertise and experience of third-party managers or advisors, the identity of which may not be disclosed to investors, which may trade in a variety of different instruments and markets.

- A Private Fund may involve a complex tax structure, which should be reviewed carefully, and may involve structures or strategies that may cause delays in important financial and tax information being sent to investors.

- A Private Fund's fees and expenses, which may be substantial regardless of any positive return, will offset such Private Fund's trading profits. If a Private Fund's investments are not successful or are not sufficiently successful, these payments and expenses may, over a period of time, significantly reduce or deplete the net asset value of the Private Fund.

- A Private Fund and its managers/advisors and their affiliates may be subject to various potential and actual conflicts of interest.

- A Private Fund may employ investment techniques or measures aimed to reduce the risk of loss which may not be successful or fully successful.

- A Private Fund may employ leverage, including involving derivatives. Leverage presents specialized risks. The more leverage used, the more likely a substantial change in value may occur, either up or down.

The above summary is not a complete list of the risks, tax considerations and other important disclosures involved in investing in a Private Fund and is subject to the more complete disclosures in such Private Fund's offering documents, which must be reviewed carefully prior to making an investment.

Oakpoint Solutions, LLC, member FINRA, SIPC