July 2020 Investor Letter

REVIEW OF 2nd QUARTER PERFORMANCE

The Fund outperformed versus the Financials sector benchmark and the overall market. For the year-to-date period, we are still trailing the S&P 500 but are now outperforming the Financials sector benchmark.

RESEARCH SPOTLIGHT – PUERTO RICO BANKS

We purchased shares in three publicly-traded Puerto Rico Banks, OFG Bancorp (“OFG”), Popular “BPOP”), and First Bancorp Puerto Rico (“FBP”), during Q2. We believe they represent extraordinarily good values in the current market. The total position size of the three Puerto Rican banks in the Fund is about 15%.

Dear Gator Financial Partner:

We are providing you with Gator Financial Partners, LLC’s (the “Fund” or “GFP”) Q2 2020 investor letter. This letter reviews the Fund’s investment performance for the 2nd quarter of 2020, provides updates on different investment themes within the Fund’s portfolio, discusses our new position in Puerto Rico banks, and discusses the Fund’s current net exposure and positioning by sub-sector.

REVIEW OF Q2 2020 PERFORMANCE

For the 2nd quarter of 2020, the Fund outperformed versus the Financials sector benchmark and the overall market. For the year-to-date period, we are still trailing the S&P 500 but are now outperforming the Financials sector benchmark. In the 2nd quarter, PennyMac Financial Services, PennyMac Mortgage Investment Trust, Morgan Stanley, and NMI Holdings were top contributors to performance. The largest detractors were Blackstone, First Republic Bank, Commerce Bancshares, and TrustCo Bank Corp NY.

	Q2 2020	YTD 2020	Total Return Since Inception[1]	Annualized Return Since Gator’s Inception[1]
Gator Financial Partners, LLC[2]	46.00%	-19.03%	673.99%	18.59%
S&P 500 Total Return Index[3]	20.54%	-3.08%	212.66%	9.97%
S&P 1500 Financials Index[3]	12.23%	-23.82%	87.83%	5.39%

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

As you can see from the performance table, the Financials sector has lagged the broader stock market by more than 20% through the first half of 2020. The under performance is even greater for credit-sensitive Financials. Investors have been avoiding any Financials stocks with credit risk. The surprising thing is the actual credit losses haven't developed. Bears say the losses haven't developed because loan defferals have allowed lenders to "extend and pretend". Another argument is the losses will develop once the stimulus money runs off. We have been focused on researching credit-sensitive Financials stocks where we believe the credit underwriting is strong, so they can weather the current pandemic. If the economy recovers quickly or the credit underwriting is better than investors expect, then many credit sensitive Financial stocks are underpriced.

With many legitimate concerns about the overall valuation of the market, our little corner is inexpensive and valuations are as cheap as we have ever seen them. If the market proves to be overly pessimistic on credit, then this sector will provide very attractive returns going forward.

In our April letter, we talked about specific opportunities we saw in the market. Here are our updated thoughts on those opportunities.

LONG POSITIONS

Mortgage Banking & Mortgage Insurance – Mortgage banking companies had strong performance in Q2. PennyMac Financial Services ("PFSI") was up 90% during the quarter. We continue to hold onto this position. The stock has recently traded at $40. In Q1, PFSI earned $3.73 per share as mortgage spreads were wide. In Q2, mortgage spreads were even wider than they were in Q1. Also, the interest rate and spread environment was drastically less volatile than in Q1. So, we expect PFSI to post strong results in Q2 due to the wider spreads and less volatile interest rate environment.

NMI Holdings ("NMIH") recovered 39% in Q2 as there were several supportive developments during the quarter. First, the mortgage insurance industry clarified that the delinquent loans due to the forebearence required in the CARES Act would be treated the same as deliquient loans from a natural disaster. That is, the mortgage insurers would only have to hold 30% of the required capital of a normal delinquent loan. Second, the number of loans in forebearence across the nation leveled off at a surprisingly low level in May. And, lastly, the housing market has shown surprising strength in the face of the pandemic and high unemployment across the nation.

Financial Guaranty - Ambac also rallied from depressed levels during the quarter. The company received a favorable decision from the NY appeals court, but the Countrywide trial has been rescheduled for early 2021. Fannie Mae preferred stock also rallied in Q2 as the company announced hiring Morgan Stanley to help it with its recapitalization. This was an important milestone on the path to exit Conservatorship.

Preferred stock – The distressed preferred stocks we purchased in Q1 have worked out well so far. We sold the Capital One and Equitable Holdings preferreds after they rose 15% and 40% in the quarter, respectively. We continue to hold the Ally Financial preferreds. We also continue to own and purchased more of the preferred shares of several mortgage REITs. The environment for the mortgage REITs has stabilized in Q2. The price of the mortgage REIT preferred stocks has started to recover. We believe as the companies report Q2 results and some of the mortgage REITs potentially raise additional common equity, we suspect that the prices of these preferred shares will continue to recover.

Capital Markets – Our positions in five capital markets firms (MS, GS, BCS, CS & COWN) all had solid performance in Q2. The capital markets were open for issuance in both fixed income and equities, which generated underwriting fees for these firms and increased trading volumes. Plus, we believe the trading environment was as good as its been in 10 years during Q2. The valuations on these stocks are still very reasonable. Given that the environment is favorable, we have only marginally trimmed our positions.

Growth Banks – The performance of our positions of Growth Regional Banks was mixed during the quarter. On the plus side, Independent Bank of Texas ("IBTX") was up 73% as it cancelled its planned merger with Texas Capital Bancshares without having to pay a break-up fee. IBTX's share price was also boosted in June when S&P announced that they were adding IBTX to the S&P 600 Small Cap Index. On the other hand, Pinnacle Financial ("PNFP") was only up 12% in the quarter without any news driving the stock. We also own Axos Financial, which increased 22% in Q2. We continue to own these 3 growth banks as we believe each bank will continue to grow organically at attractive rates of return.

Consumer Finance – We find the consumer finance space fascinating. The companies are reporting lower credit losses despite the COVID-19 pandemic and the weak economy. There are several reasons for the lower losses including stimulus checks, expanded unemployment benefits, and loan defferals. The stock prices are inexpensive, especially considering the low credit losses. The bear argurment is the credit losses will surface with the end of expanded unemployment benefits. We continue to own Sallie Mae at 5x earnings, Navient at 3x earnings, Ally Financial at 7x earnings, and OneMain Financial at 5x earnings because we believe the credit losses will be manageable.

SHORT POSITIONS

High-Multiple Regional Banks – Our high-multiple bank shorts added value during Q2. We continue to have many shorts in this group. These are banks that are well-run, but they trade at the very highest valuations of their bank peers. We believe these names will underperform if the banks rally.

NEW POSITION IN PUERTO RICO BANKS

We purchased shares in three publicly-traded Puerto Rico Banks, OFG Bancorp ("OFG"), Popular "BPOP"), and First Bancorp Puerto Rico ("FBP"), during Q2. We believe they represent extraordinarily good values in the current market. We previously owned OFG from 2016 to 2019, so we've been familiar with these banks for awhile. The total position size of the three Puerto Rican banks in the Fund is about 15%.

1. Banking consolidation within Puerto Rico – Puerto Rico is on its way to 3 banks down from 5 two years ago and 9 banks fifteen years ago. This presents an oligopoly banking market that we think will persist for a long time. We do not believe any mainland U.S. banks will look to expand into Puerto Rico. We would point to Hawaii as an example of a closed island banking market with oliogopoly characteristics. In Hawaii, the main banks have wider margins and higher returns than the median bank in the U.S. We believe the Puerto Rican banks may follow a similar path.

2. Deposit market became less competitive on island – Even before the 2019 bank consolidation in Puerto Rico, the deposit gathering environment had become less competitive. In the years after the Great Financial Crisis ("GFC"), Popular kept deposit rates high even though the bank had a 55% market share. Since Popular had such a large market share, the other banks had to follow the leader. During the period from 2015 to 2018 when the Federal Reserve raised interest rates, Popular changed their deposit pricing strategy and starting keeping their deposit rates significantly below the Federal Funds rate. The other banks followed and banking profitability increased across the island.

3. Experienced with an economic shutdown due to Hurricane Maria – The Puerto Rico banks are experienced with an economic shutdown after Hurricane Maria in 2017. The banks made it through the post-hurricane period with minimal loan losses. We believe the current pandemic will produce similar results to a natural disaster.

4. Double-shot of stimulus funds – The Puerto Rico economy will receive a double shot of stimulus funds in response to the COVID-19 pandemic. As a U.S. territory with U.S. citizens, Puerto Rican residents are eligible for the benefits of The CARES Act such as $1,200 stimulus checks, expanded unemployment benefits, and the PPP loan program for small businesses. The Puerto Rico government has also created its own stimulus program to boost its economy. The island was already a beneficiary of aid from the U.S. government for Hurricane Maria, so there will be plenty of liquidity on the island, which should boost the economy.

5. Puerto Rico has handled the virus relatively well – If we included Puerto Rico in a ranking of U.S. states in per capita COVID-19 cases, only six states have fewer cases. We attribute this to Puerto Rico having a strict curfew until late-June. We believe this will allow Puerto Rico's economy to recover sooner than most states and territories. In recent weeks, Puerto Rico case count has climbed, but it still remains well below the national average on a per capita basis.

6. Puerto Rico restructuring debt – Puerto Rico has made some progress in restructuring its debt. Although the PR banks have not had direct exposure to the PR government for many years, the debt restructuring has been an overhang on the PR bank stocks. We think the PR debt restructuring is becoming less of an issue as it gets resolved.

7. Pharmaceutical and medical device manufacturing revival – Puerto Rico may benefit from a new trend of onshoring pharmaceutical and medical device manufacturing. During the early stages of the pandemic, the U.S. had difficulty with its health care supply chain because so much of it had been outsourced to China. Between travel restrictions, slower fulfillment due to shelter-in-place orders, and China taking first priority on fulfillment, there has been a building consensus that the U.S. needs to have more health care related manuafacturing onshore. Puerto Rico is a natural place for this manufacturing to take place. Prior to 2006, PR had a tax break that attracted health care companies to build manufacturing plants on the island. The tax break expired in 2006 and the PR economy has been in a near constant state of recession since then.

8. PR banks trade at cheap valuations – BPOP and FBP trade at about 60% of tangible book value. OFG trades at about 80% of tangible book value. Each of these banks trade between 6x and 7x 2021 earnings per share ("EPS"). The median bank with a market cap between $500 million and $5 billion trades at 110% of tangible book and 10.7x 2021 EPS. The median small cap bank trades at 110% of P/TBV. We believe the PR banks will close this discount.

9. Regional banks are cheap in general – Regional bank stocks have had an awful 2020. The companies have had stiff headwinds of zero percent interest rates and the prospect of higher credit losses due to the pandemic. Through June 30th, the S&P Select Regional Bank index was down 33%. We understand that the regional banks are one of the few ways that macro players can "short Main Street". However, regional banks are reporting profits while adding to the allowance for loan losses. As the stock market investor get comfortable that the provision for loan losses has peaked for the regional banks, the valuations of regional banks will increase. We see the Puerto Rico banks as cheap relative the regional banks, and we see regional banks as cheap relative to the market.

RISKS

1. Normal banking risks – The PR banks have the typical risks of commercial banks. They are exposed to credit and interest rate risk. During this time, banks have additional credit risk due to the pandemic.

2. Acquisitions unlikely – We believe it is unlikely that any of the three PR banks will get acquired by a mainland bank from the U.S. Thus, the prospect of a buyout premium is low.

3. Deposit competition – Popular holds a 55% market share. In the past, Popular priced deposits on the island at irrationality high rates which kept profitability low for all the PR banks. We don't expect a recurrence of this scenario, but we have to acknowledge that it happened in the recent past.

4. Managing credit risk on the U.S. mainland – Each of the PR banks have loan operations on the U.S. mainland. These operations make sense because the Puerto Rico banking market is not large enough for them to invest all of their capital. However, we acknowledge that managing their credit risk on the U.S. mainland adds a degree of difficulty.

Popular, First Bancorp, and OFG Holdings are attractive banks to own because they are inexpensive absolutely and relative to their U.S. peers. We believe each of these banks will manage through the pandemic economy well. We expect each of these banks to benefit from the recent consolidation within the Puerto Rico banking market.

PORTFOLIO ANALYSIS

Below are the Fund's five largest common equity long and short positions. All data is as of June 30, 2020.

Long	Short
PennyMac Financial Services	First Republic Bank
Ambac Financial Group	Blackstone Group
OFG Bancorp	American Express
Truist Financial (f/k/a SunTrust)	People's United Financial
OneMain Holdings	CVB Financial

SUB-SECTOR WEIGHTINGS

Below is a table showing the Fund's positioning within the Financials sector as of June 30th:

	Long	Short	Net
Alt Asset Managers	0.00%	0.00%	0.00%
Capital Markets	20.85%	-2.54%	18.30%
Banks (large)	19.36%	-7.75%	11.61%
Banks(small)	14.62%	-10.20%	4.42%
P&C Insurance	1.07%	0.00%	1.07%
Life Insurance	0.00%	0.00%	0.00%
Non-Bank Lenders	36.23%	-0.88%	35.35%
Processors	0.00%	0.00%	0.00%
Real Estate	4.56%	0.00%	4.56%
Exchanges	0.00%	0.00%	0.00%
Index Hedges	0.00%	-3.28%	-3.28%
Non-Financials	0.00%	0.00%	0.00%
Total	**96.69%**	**-24.65%**	**72.03%**

The Fund's gross exposure is 121.3%, and its net exposure is 72.0%. From this table, we exclude fixed income instruments such as preferred stock. Preferred stock positions account for an additional 25.3% of the portfolio.

CONCLUSION

We are optimistic about the opportunities we see in the market. We know the Financials sector has badly lagged the broader stock market, but we believe the actual results of most Financial companies is significantly better than their stock prices suggest. Stock market investors are not giving Financial companies the benefit of the doubt about the potential credit risks in their portfolios. If a vaccine is developed or the COVID-19 virus burns off on its own, we believe the economy will snap back stronger than expected. This will lead to minimal credit losses and Financial stock valuations should recover.

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

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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.

[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.

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.

The funds described herein are unregistered private investment funds commonly called "hedge funds" (each, a "Private Fund"). Private Funds, depending upon their investment objectives and strategies, may invest and trade in a variety of different markets, strategies and instruments (including securities, nonsecurities and derivatives) and are NOT subject to the same regulatory requirements as mutual funds, including requirements to provide certain periodic and standardized pricing and valuation information to investors. There are substantial risks in investing in a Private Fund (which also are applicable to the underlying Private Funds, if any, in which a Private Fund may invest). Prospective investors should note that:

- 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.

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