



January 2021 Investor Letter

REVIEW OF 4th QUARTER PERFORMANCE

The Fund outperformed both the Financials sector benchmark and the overall market. OneMain Financial, First Bancorp Puerto Rico, and Western Alliance Bancorporation were top contributors to performance.

RESEARCH SPOTLIGHT – BBX CAPITAL INC

We believe BBX Capital is extraordinarily cheap due to the spin-off, its new listing on the OTC market, the super-voting shares held by insiders, and the complicated nature of the remaining businesses. BBX's recent share price is \$5.35.

Dear Gator Financial Partner:

We are providing you with the Gator Financial Partners, LLC's (the "Fund" or "GFP") Q4 2020 investor letter. This letter reviews the Fund's 4th quarter and 2020 investment performance. We'll briefly discuss the Fund's current portfolio positioning within the Financials sector. Additionally, we will discuss opportunities we see in a few small cap Financial companies that we hold in the Fund.

REVIEW OF Q4 2020 PERFORMANCE

For the 4th quarter of 2020, the Fund outperformed both the Financials sector benchmark and the overall market. OneMain Financial, First Bancorp Puerto Rico, and Western Alliance Bancorporation were top contributors to performance. The largest detractors were short positions in Lemonade, Lending Club, and First Republic Bank.

Throughout 2020, the Fund performed in-line with the broader market and outperformed the Financials sector benchmark by more than 20%. PennyMac Financial Services, OneMain Financial, and PennyMac Mortgage Trust were the top contributors to the Fund's performance in 2020. Zions common stock and warrants, Ambac Financial, and our short position in Lemonade were the largest detractors in the Fund during 2020.

	Q4 2020	YTD 2020	Total Return Since Inception ¹	Annualized Return Since Gator's Inception ¹
Gator Financial Partners, LLC ²	29.18%	18.39%	1,031.68%	21.42%
S&P 500 Total Return Index ³	12.15%	18.40%	281.96%	11.32%
S&P 1500 Financials Index ³	24.31%	-1.91%	141.85%	7.32%

Source: Gator Capital Management & Bloomberg

¹The Fund's inception date was July 1, 2008. ²Performance 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.

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

FINANCIALS IN THE CURRENT MARKET ENVIRONMENT

Despite the strong 4th Quarter for the Financials sector, we still see opportunity due to relatively low valuations within the sector and the strong tailwind of the recovering economy. We continue to like Financials with low earnings and/or book multiples. We believe these stocks have downside protection. We believe much of the valuation discount is due to fear of credit losses. We also think most of our holdings generate positive cash-flow and plan to use the cash-flow to buyback their stock at attractive prices. We also believe that owning stocks in the Financials is a free option on higher interest rates. We know that cheap stocks can be value traps. We also know that not all buybacks create value. However, we think the stocks in our portfolio are inexpensive and the quality of their businesses are underappreciated.

The areas of the Financials sector we are most excited about are regional banks known for their organic growth, banks in the NYC metropolitan area, non-bank lenders like student lenders, and the three banks in Puerto Rico. We also like several one-off small companies in the Financials sector. We profile a few of these companies in the next section.

SELECT SMALL CAP FINANCIALS OPPORTUNITIES

Here are our brief investment theses on a few small cap Financial stocks ideas that the Fund owns. We continue to believe there is significant upside in these stocks.

BBX CAPITAL INC (OTC: BBXIA)

BBX Capital ("BBX") is a company controlled by the Levan family in Ft. Lauderdale. The company has been through several iterations. At various times, it has owned a bank, a home builder, and a timeshare business. The current iteration was formed this past Fall after spinning-off its timeshare business, Bluegreen Vacation Holdings ("BVH"). The remaining businesses in BBX Capital are several real estate ventures located throughout Florida, a building products company focused on windows and doors, and a struggling candy business.

We believe BBX Capital is extraordinarily cheap due to the spin-off, its new listing on the OTC market, the super-voting shares held by insiders, and the complicated nature of the remaining businesses. BBX's recent share price is \$5.35. The company has net working capital + note receivable from BVH less outstanding liabilities equal to \$6.74 per share. In addition, BBX's real estate investments have another \$6.22 per share of value. This conservative valuation of the company is \$12.96 per share, which we find compelling compared to the \$5.35 stock price.

This valuation is conservative because

- it carries the home building products business at net working capital of the subsidiary,
- the Real Estate at book value even though many of the properties have been enhanced, and
- assigns zero value to the candy business.

We believe BBX Capital's stock price can approach \$12.96 over the medium term. We look at the management team's track record of transactions to enhance value over the last 10 years. We believe management will announce another transaction to enhance the value of BBX Capital. Our guess is they will announce a share repurchase program.

ARLINGTON INVESTMENT CORP (NYSE: AAIC)

Arlington Investment ("AAIC") is a mortgage real estate investment trust. AAIC's liquidation value (or book value) is \$5.90, and the stock is trading for \$3.66. We don't think it will return to \$5.90 in the near term, but we believe the stock can get to \$5.60 (or 90% of the estimated Q4 book value) in 6 to 12 months, which is +53% higher than the current price.

The management at AAIC has made strategic changes to increase their liquidation value. During the third quarter, they bought back stock at a discount to increase the liquidation value from \$5.63 to \$5.92. When they report the 4th quarter, we expect they will announce they continued to repurchase stock. We estimate the liquidation value will rise to \$6.10-\$6.20. The company is involved in the mortgage market, so it is not a franchise company like Disney or Microsoft that you can own forever. This is just a trade from \$3.66 to \$5.60. We think the downside is minimal because management reduced risk earlier in the year. The company does not have much leverage. On recent conference calls, management has expressed a conservative stance about investing the company's capital.

Insiders at AAIC purchased shares on the open market at the end of September and again in early January. We believe AAIC has attractive potential return without much downside.

KINGSTONE COMPANIES (NASDAQ: KINS)

We have owned Kingstone ("KINS") for several years. We wrote an investment thesis in our 2017 Q1 letter. The company has grown its New York state homeowner's insurance business at an attractive rate ever since Superstorm Sandy hit Long Island. The company had achieved an A- taking from A.M. Best and started to expand into additional states in the Mid-Atlantic and New England. It ran into some issues as the CEO tried to install a successor. Besides homeowner's insurance, the company wrote several other types of insurance such as business liability and commercial auto. These non-core insurance lines have presented problems. In late 2019, management decided to stop writing these other business lines, so they won't present problems going forward.

We recently bought additional shares. We think the company is now focused solely on its homeowner's insurance business. We expect the loss rates to normalize with the other business lines are runoff. We think stock market investors will return to the stock first for the improving profitability of the core business. Then, investors will pay attention to Kingstone's growth rate.

A risk for Kingstone is the higher cost of reinsurance. Kingstone cannot bear all of the insurance risk the company is underwriting. Management has to purchase reinsurance to protect the company from large losses. Until 2019, the reinsurance market had been very favorable for companies like Kingstone to offload their risks. There was a great deal of capital in the reinsurance market, and there had not been many large losses, so pricing had come down significantly. With the large catastrophe losses of recent years, the reinsurance market started to harden. (A “hard” insurance market means prices are rising for the same amount of risk.) Reinsurance prices have risen so much that Kingstone has limited the amount of reinsurance that they purchase. We expect additional capital will enter the reinsurance market and limit future price increases. If this doesn’t happen, Kingstone may have to slow its growth.

We believe Kingstone can trade up to \$12 or 1.5x book value. Kingstone has traded at \$7, so \$12 is 70% higher than the current price. We also believe book value will grow at an attractive rate, so our target price will grow through time. We note that Kingstone has traded as high as 2.5x book value in the last three years, so we don’t view 1.5x book as an aggressive valuation.

PORTFOLIO ANALYSIS

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

Long	Short
PennyMac Financial Services	American Express
OneMain Holdings	Capitol Federal Financial
SLM Holdings	Rocket Mortgage
Popular Inc	Lending Club
First Bancorp PR	Park National Corp

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	0.00%	0.00%	0.00%
Capital Markets	6.73%	-2.22%	4.51%
Banks (large)	19.79%	-4.40%	15.40%
Banks(small)	29.45%	-9.77%	19.68%
P&C Insurance	2.81%	-0.86%	1.96%
Life Insurance	0.00%	0.00%	0.00%
Non-Bank Lenders	40.07%	-2.93%	37.14%
Processors	0.00%	0.00%	0.00%
Real Estate	6.50%	0.00%	6.50%
Exchanges	0.00%	0.00%	0.00%
Index Hedges	0.00%	-36.31%	-36.31%
Non-Financials	1.19%	0.00%	1.19%
Total	106.55%	-56.48%	50.07%

The Fund's gross exposure is 163.0%, and its net exposure is 50.1%. From this table, we exclude fixed income instruments such as preferred stock. Preferred stock positions account for an additional 25.4% of the portfolio.

CONCLUSION

Thank you for entrusting us with a portion of your wealth. We are so thankful for our investors and their commitment to us. 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

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.

Oakpoint Solutions, LLC, member FINRA, SIPC