GATOR
CAPITAL MANAGEMENT

July 27, 2021

Dear Gator Financial Partner:

We are pleased to provide you with Gator Financial Partners, LLC's (the "Fund" or "GFP") Q2 2021 investor letter. This letter reviews the Fund's second-quarter investment performance. We also discuss the opportunity we see in small banks and our investment thesis in Esquire Financial Holdings.

Review of Q2 2021 Performance

For the second quarter of 2021, the Fund lagged both the overall market and the Financials sector benchmark. Navient, Realogy, and Victory Capital were top contributors to performance. The largest detractors were our hedges, Fannie Mae preferreds, PennyMac Financial Services.

	Q2 2021	2021 YTD	Total Return Since Inception[1]	Annualized Return Since Gator's Inception[1]
Gator Financial Partners, LLC[2]	2.35%	13.24%	1,181.48%	21.68%
S&P 500 Total Return Index[3]	8.55%	15.25%	340.21%	12.08%
S&P 1500 Financials Index[3]	7.60%	25.16%	202.69%	8.89%

Source: Gator Capital Management & Bloomberg

Opportunity in Small Banks

Regional bank stocks had an epic run from last September through mid-March. During this time, the SPDR S&P Regional Banking ETF ("KRE") returned 101%. After this large move, we believe regional banks shifted from extremely undervalued to fairly valued. However, we think there is still a very good opportunity in small banks due to their low valuations.

Here is a table showing the median Price-to-Tangible Book Value ("P/TBV") of banks grouped by market capitalization. As you can see, the median P/TBV declines as the market capitalization declines.

[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 7.
[3] Performance presented assumes reinvestment of dividends. No fees or other expenses have been deducted.

Market Capitalization	25th Percentile Price-to-Tangible Book	Median Price-to-Tangible Book	75th Percentile Price-to-Tangible Book	Median Total Return 9/30/2020 to 5/31/2021
> $10B	154%	180%	226%	85%
Between $2.5B & $10B	137%	173%	212%	100%
Between $1.0B & $2.5B	148%	164%	192%	98%
Between $500MM & $1.0B	125%	145%	170%	79%
Between $250MM & $500MM	121%	128%	163%	80%
< $250MM	99%	114%	124%	55%

Source: S&P Global Market Intelligence

Not only are the median values higher for larger banks, but we can see larger banks outperformed small banks.

The current distribution of bank valuations has important implications for bank mergers and acquisitions. With larger banks trading for higher valuations, they can use their stocks as currency in mergers and acquisitions, and the “merger math” will be attractive to investors. Here is a table comparing the distribution of bank valuations in 2021 to valuations in 2018.

Mkt Cap	2021 Median Price-to-Tangible Book	2018 Median Price-to-Tangible Book
> $10B	180%	156%
Between $2.5B & $10B	173%	148%
Between $1.0B & $2.5B	164%	169%
Between $500MM & $1.0B	145%	146%
Between $250MM & $500MM	128%	153%
< $250MM	114%	123%

Source: S&P Global Market Intelligence

As shown in the table, in 2018, valuations were more consistent across different-sized banks. The similar valuations made mergers more difficult because the financial benefits of mergers were less compelling.

We see two main reasons for the large banks to have outperformed small banks recently: investors’ desire for liquidity and the annual Russell rebalancing. We believe that investors have been purchasing exchange-traded funds and stocks of the largest, most liquid bank stocks to participate in the recent bank stock rally. This is normal in a rally but has led to the largest banks having higher valuations. Usually, small stocks will catch up to their larger peers later in a rally as investors search for values and acquisitions raise interest in smaller stocks.

The Russell rebalancing was different this year and was a likely reason for the lower valuation of banks with market capitalizations below $250 million. Each June, the Russell indices are rebalanced as stocks and shuffled in and out of the Russell 1000 and Russell 2000. This year was unusual because of the strong stock market rally and the large number of initial public offerings. This resulted in the minimum market capitalization for companies in the Russell 2000 increasing to about $250 million compared to June 2020's market capitalization of approximately $90 million. This means 79 small-cap banks were deleted from the Russell 2000 index on June 25, 2021. We believe this was widely known by small bank investors, therefore small-cap bank stocks are trading at lower valuations.

Currently, we believe the best opportunity in bank stocks is among small banks because they trade at lower valuations.

Esquire Financial Holdings (NASDAQ: ESQ)

One of the new small bank positions that we purchased for the Fund is in Esquire Financial Holdings ("Esquire" or "ESQ"). Esquire is a bank headquartered on Long Island, focused on serving the banking market for attorneys. By the nature of their business, attorneys often have control of money in escrow accounts for the benefit of their clients. These escrow deposits are attractive to banks because they tend to be sticky and not rate sensitive. Attorneys also have borrowing needs that haven't been well-served by traditional banks. In addition, Esquire has an attractive merchant acquiring business. Esquire has developed a good track record of earnings growth in the few years since its 2017 IPO.

We believe there is a disconnect between Esquire's growth and its valuation. It trades at 8.4x 2022 consensus Wall Street estimated earnings, but the bank's earnings per share ("EPS") is growing at 20%. We believe the major reason for this disconnect stems from Esquire's removal from the Russell 2000 index this past June. Index funds that track the Russell 2000 had to sell their Esquire shares. We believe prospective buyers of Esquire's stock waited to buy until the Russell deletion date had passed. We think Esquire should trade at 15x or greater, which is in line with other high-growth banks.

We believe the most attractive part of the Esquire investment thesis is Esquire's deposit franchise. Esquire's deposits have a very low cost. Esquire also has more deposits than it needs. It has a low loan-to-deposit ratio and sweeps more than $300 million of other customer funds off its balance sheet to other banks or money market mutual funds. Esquire gets these attractive deposits by:

- Getting the law firm operating checking accounts when they extend credit to the law firms and
- Capturing escrow deposits from law firms for funds and settlements that the law firm's attorneys control.

These deposits are not rate-sensitive, as the attorneys place ease of use above the rate paid in choosing their banking relationships.

Esquire is growing its loan portfolio at an attractive rate because it is attacking several opportunities. First, Esquire is making loans to attorneys for two different purposes. One is to provide working capital to law firms for managing their cash flow. The second reason is to provide funding for law firm expenses in contingency cases. Law firms regularly have expenses in cases that they take on contingency, which are then reimbursed when the client's case is settled. However, attorneys cannot charge their clients a financing fee if they self-finance these up-front expenses. If the attorneys borrow money from a bank, they can get reimbursed for the interest paid to the bank when the client's case is settled. Esquire doesn't bear the contingency risk in these loans. Instead, the law firm's overall cash flow is the security for these loans rather than the settlement proceeds from any particular case.

Esquire built a merchant acquiring business over the last 10-years, which generates a good amount of fee income and enhances the bank's value. We are happy that Esquire's management is focused on growing a fee income business. We are hopeful that the management team will expand into other fee-generating businesses such as trust & investments, insurance, and/or mortgage banking.

Esquire's focus on the attorney market leads to wider margins than typical banks. As Esquire scales, we believe the wider margins will lead to higher returns and eventually a higher valuation. Esquire Bank has better net interest margins ("NIM") than a typical bank. The bank's focus on attorneys leads to higher than average loan yields and low deposit costs.

We admire the management team at Esquire. Andrew Sagliocca has been the CEO of Esquire for the past 13 years, but he is still relatively young for a bank CEO at 53 years old. Sagliocca previously worked at KPMG and North Fork Bank before joining Esquire as the CFO in 2007. We believe Sagliocca has focused the bank on an attractive niche. He understands how to create value as a banker. We look forward to how much value he can create at Esquire over the next 15 to 20 years.

The main risk with Esquire is the typical credit risk of any small bank. In addition to loans to law firms, Esquire also makes real estate loans in the New York City metro area. Through our research, we don't have any outsized concerns about Esquire's credit quality.

We think Esquire is a cheap small bank with attractive growth in a unique niche. We believe the bank has a long runway for growth and should have a valuation significantly higher than the current valuation.

Portfolio Analysis

Largest Positions
Below are the Fund's five largest common equity long positions. All data is as of June 30th, 2021. We have decided to stop disclosing short positions in our quarterly letters.

<u>Long</u>
Navient
PennyMac Financial Services
First Bancorp PR
OneMain Holdings
OFG Bancorp

Sub-sector Weightings
Below is a table showing the Fund's positioning within the Financials sector[4] as of June 30th, 2021.

[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.

	Long	Short	Net
Alt Asset Managers	0.00%	0.00%	0.00%
Capital Markets	7.49%	-3.50%	3.99%
Banks (large)	23.86%	-8.24%	15.62%
Banks (small)	43.23%	-13.48%	29.74%
P&C Insurance	4.25%	-0.68%	3.57%
Life Insurance	0.00%	0.00%	0.00%
Non-bank Lenders	38.14%	-1.30%	36.85%
Processors	0.00%	0.00%	0.00%
Real Estate	8.93%	0.00%	8.93%
Exchanges	0.00%	0.00%	0.00%
Index Hedges	0.00%	-42.25%	-42.25%
Non-Financials	1.23%	0.00%	1.23%
Total	127.13%	-69.44%	57.69%

The Fund's gross exposure is 196.6%, and its net exposure is 57.7%. From this table, we exclude fixed income instruments such as preferred stock. Preferred stock positions account for an additional 17.2% of the portfolio.

Conclusion

Thank you for entrusting us with a portion of your wealth. We are grateful for investors like you who believe and trust in our strategy. 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 welcome the opportunity to speak with you and discuss the Fund.

Sincerely,

Gator Capital Management, LLC

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.

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, non-securities 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