GATOR
CAPITAL MANAGEMENT

October 27, 2021

Dear Gator Financial Partners:

We are pleased to provide you with Gator Financial Partners, LLC's (the "Fund" or "GFP") Q3 2021 investor letter. This letter reviews the Fund's third-quarter investment performance. We also discuss the opportunity we see in housing-related stocks and our investment thesis in Realogy Holdings.

Review of Q3 2021 Performance

For the third quarter of 2021, the Fund slightly lagged the Financials sector benchmark, while outperforming the broader market. OFG Bancorp, First Bancorp Puerto Rico, and BBX Capital were top contributors to performance. The largest detractors were First Republic Bancorp, Kingstone Companies, and our short in LendingClub.

	Q3 2021	2021 YTD	Total Return Since Inception[1]	Annualized Return Since Gator's Inception[1]
Gator Financial Partners, LLC[2]	2.29%	15.82%	1,210.76%	21.43%
S&P 500 Total Return Index[3]	0.58%	15.92%	342.77%	11.88%
S&P 1500 Financials Index[3]	2.61%	28.42%	210.58%	8.93%

Source: Gator Capital Management & Bloomberg

Housing-related stocks

The housing market has been very strong during the pandemic. First, people wanted to move to the suburbs to get more space. This dynamic was especially strong around New York where people felt trapped in apartment buildings as the virus spread. A second driver of housing strength was people wanting larger houses to have more space to work-from-home. Third, people ventured to resort and second home locations as work-from-home became work-from-anywhere. Finally, historically low interest rates made home purchases that much more attractive as most people think in terms of "buying a monthly payment" rather than thinking about the correct purchase price for a house.

While the housing market has cooled off a little in the last few months, it is still very strong. We've heard anecdotal stories of fewer first day bidders and fewer above asking price bids. We think this is healthy because the market was running too hot. We've seen more supply showing up in the housing market as the higher prices are prompting people to sell their homes. This is also good because more transactions

[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.

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can happen and prices are still increasing which both lead to the dollar volume of transactions is up over last year.

We believe the housing market will remain strong. Most important, we note the Millennial generation is in the middle of their peak home buying years. This is the largest generation, and they are buying homes to have space to raise their children. We believe this generation has been delayed in buying homes due to the after-effects of the Great Financial Crisis ("GFC"), which kept job opportunities limited and incomes behind previous generations. Another reason for continued housing market strength is a return to normalized housing turnover. After the GFC, the rate of housing turnover dropped. Part of the decline was due to the decline in housing prices. Many people understandably stayed in houses when they would take a loss if they moved. We think the large wealth effects of rising financial assets will support a return to normal amount of the housing turnover.

Even though the housing market is still very strong, we believe many housing-related stocks are undervalued. We think investors are valuing these housing-related stocks as if house prices and home sales peaked in the 2nd Quarter of this year. We don't think Q2 was the peak for housing in this cycle. We see a continued need for more housing stock and favorable demographics. We also see rising wages supporting further housing gains. We think mortgage insurance companies, homebuilders, and mortgage banks all present good values at current prices. We also like Realogy Holdings, which is the parent company of residential real estate broker Coldwell Banker. Our investment thesis on Realogy is below.

Realogy Holdings (RLGY)

We like Realogy Holdings ("Realogy" or "RLGY""). Realogy is the parent company of Coldwell Banker and Century 21. We believe the Coldwell Banker name has significant brand value among residential real estate owners. Realogy trades at only 4.4x EBITDA. We think stock market investors are overly concerned about disruption of residential real estate brokerage.

1. **Street estimates are too conservative -** We believe Wall Street estimates for Realogy in the next 2 years are too conservative because they assume that Q2 2021 was the peak dollar volume period for housing turnover. We believe the housing market will remain strong in 2022 and 2023 as prices continue to increase and the number of housing transactions stays stable or increases marginally.

2. **Pandemic beneficiary –** Realogy has benefited from the current pandemic-induced housing boom. As the professional class has re-evaluated how they work and how often they commute to the office, many decided to change their living situations. Some have moved to the suburbs in search of more space. Others have moved to remote locations to work from home in low-cost areas or in vacation spots. Realogy has another firm specific benefit.

   In the previous 5 years, Realogy's brokerages had lagged due to a concentration to New York city and the suburbs where home prices and activity had lagged. Since the Great Financial Crisis ("GFC") until the pandemic, homes prices in the New York suburbs had been stagnant. The main reason for the stagnation was the decline in high-paying Wall Street jobs. Wall Street was not creating a new generation that could move to Darian, CT or Summit, NJ to buy over-priced homes from the previous generation of Wall Streeters. With the pandemic prompting people to move to the suburbs, Realogy has benefitted from the resurgence of activity.

3. **Demographic beneficiary –** The Millennial Generation is in their peak home-buying years. This generation was delayed in their household formation due to the GFC. However, biology waits for no one, and the current crop of 35-40 year-olds are buying homes.

4. **Compelling valuation –** Realogy trades at 4.4x on a current Enterprise Value-to-EBITDA. If the company traded at 8x EV/EBITDA, then the stock price would be $49 or 175% higher than the current price. Given the company's leading position as a residential real estate broker, we do not believe 8x EBITDA is too optimistic. In early 2014, Realogy traded at 12x EBITDA.

5. **Deleveraged –** Realogy's management has focused on paying down its debt. This has made the balance sheet as strong as it has been since it became public. Realogy's current debt-to-EBITDA ratio is 2.3x, which was down from greater than 5x in 2019. We believe Realogy is close to redirecting cash flows from debt paydown to stock repurchases. We believe this change in capital allocation will be a catalyst for the stock.

6. **Debt refinancing in 2022 –** Realogy can refinance $1.1 billion of debt during 2022 and save $30 million or $0.26 per share annually.

7. **Potential acquisition target by private equity -** We would note that Realogy was previously owned by private equity firm Apollo. We believe that a private equity firm could purchase Realogy again if the company's valuation remains at this compelling level.

Other stock market investors don't love Realogy for a couple of reasons:

1. **6% Real estate commissions aren't sustainable -** Many investors have a short thesis that real estate commissions are at risk. We've all paid 6% brokerage commissions when selling a house and have been frustrated by this high level. These investors point to new real estate brokers with business models that reduce commissions to consumers. We point to brokers retaining market share even in ultra-hot housing markets like the Fall of 2020 as reason that real estate broker commissions are more sticky than consensus.

2. **Competitive intensity among real estate brokers for agents -** Other investors point to competition among real estate brokerages for agents will lead to agents capturing a higher percentage of the commission. We've seen this recently in Realogy's results, but we think there is a limit to how much brokers are willing to pay out to their agents. One large competitor is Berkshire Hathaway Home Services ("BHHS"). Although BHHS is backed by Warren Buffett's Berkshire Hathaway, we like them as a competitor. Buffett has a long history of not competing on price and tends to run his subsidiaries for cash flow with limited appetite for reinvestment. Plus, his ownership of a traditional real estate brokerage validates the attractiveness of the business. Second, Realogy competes with a relatively new traditional brokerage, Compass. Compass was founded about 15 years ago, received venture funding from Softbank, and completed its IPO earlier in 2021. Compass has a market capitalization of $5.3B compared to Realogy's $2.1B. Compared to Compass ("COMP"), Realogy trades at 1/3 the Price-to-Sales ratio

with operating margins of 12% compared to Compass' -5% margins. Our contacts in the business have told us that Compass has pulled back on its pricing.

We think owning Realogy's stock at its low valuation of 4.4x EBITDA is very attractive. We believe there are several potential catalysts that will help the stock re-rate to a higher valuation. First, Realogy has two high coupon debt issues that are callable in 2022. Second, after refinancing these two debt issues, we expect Realogy's management will start to repurchase common shares during 2022. Finally, we expect Realogy will continue to report strong earnings due to the strong housing market.

Portfolio Analysis

Largest Positions
Below are the Fund's five largest common equity long positions. All data is as of September 30th, 2021.

Long
First Bancorp PR
OFG Bancorp
Navient
PennyMac Financial Services
OneMain Holdings

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

	Long	Short	Net
Alt Asset Managers	0.00%	0.00%	0.00%
Capital Markets	7.87%	0.00%	7.87%
Banks (large)	35.36%	-10.73%	24.63%
Banks (small)	32.61%	-11.29%	21.32%
P&C Insurance	10.22%	-0.71%	9.51%
Life Insurance	5.04%	0.00%	5.04%
Non-bank Lenders	26.16%	-3.46%	22.70%
Processors	0.00%	0.00%	0.00%
Real Estate	9.17%	-1.50%	7.68%
Exchanges	0.00%	0.00%	0.00%
Index Hedges	0.00%	-45.03%	-45.03%
Non-Financials	0.93%	0.00%	0.93%
Total	127.37%	-72.72%	54.64%

The Fund's gross exposure is 200.09%, and its net exposure is 54.64%. From this table, we exclude fixed income instruments such as preferred stock. Preferred stock positions account for an additional 14.93% of the portfolio.

[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.

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.