January 24, 2023

Dear Gator Financial Partners:

We are pleased to provide you with Gator Financial Partners, LLC's (the "Fund" or "GFP") 2022 Annual investor letter. This letter reviews the Fund's 2022 investment performance with a discussion of the largest contributors and detractors and briefly describes four different opportunities we see going forward.

Review of 2022 Performance

During 2022, the Fund outperformed the broader market and slightly trailed the Financials sector benchmark. Our long position in Genworth and short positions in SoFi Technologies, Compass, Boston Properties, and Vornado were top contributors to performance. The largest detractors were long positions in Anywhere Real Estate (fka Realogy Holdings), Ally Financial, Axos Financial, OneMain Financial, and Kingstone Companies.

For Q4 2022, the Fund's top contributors were long positions in Genworth Financial, PennyMac Financial, and Jackson National. The leading detractors in Q4 were long positions in Fannie Mae preferred, Anywhere Real Estate, and a short position in Trustmark Corp.

	2022 YTD	Total Return Since Inception[1]	Annualized Return Since Gator's Inception[1]
Gator Financial Partners, LLC[2]	-11.99%	1,133.71%	18.92%
S&P 500 Total Return Index[3]	-18.11%	302.57%	10.08%
S&P 1500 Financials Index[3]	-10.15%	192.38%	7.68%

Source: Gator Capital Management & Bloomberg

Current Opportunities

Growth Regional Banks

We believe the opportunity in growth regional banks remains compelling. We believe investors are missing three things by not buying regional banks at these valuations: 1) margins may widen or shrink, but they will settle down once the Federal Reserve (the "Fed") stops raising rates, 2) loan growth is very good and is the main earnings driver over any time period greater than 2 years, and 3) loan credit quality is likely to be better than sell-side estimates for 2023 and 2024.

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[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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Bank stocks had a disappointing year in 2022. During January and February, banks outperformed the broader market. It looked like the thesis of banks benefitting from higher interest rates was going to be the story of 2022. Then, in March, the tone around bank stocks changed with the Russian invasion of Ukraine and the tougher talk from Fed Chairman Powell. Instead of banks operating in a goldilocks environment of higher rates and growing economy, investors priced in higher credit losses due to a possible recession. Also, in March, the Federal Reserve became more hawkish in response to rising inflation numbers. With the Fed rapidly raising interest rates, the positive story for banks of higher interest rates leading to wider margins shifted to rapidly increasing rates causing deposit costs to rise faster than expected.

Now, regional bank stock valuations are at the bottom end of the historical range. According to Stephens, the median price-to-earnings ratio ("P/E ratio") of regional banks is less than 9x forward estimates. This is an unusually low valuation. Historically, banks have traded at this low valuation or cheaper just 5% of the time. When the banking industry has traded at this low of a valuation, the forward returns have been very strong on average. We think investors are concerned about potential credit quality issues in banks' loan portfolios and rising deposit costs. However, we think select regional banks, such as AX, WAL, WBS, and CNOB, are attractive due to their loan growth outweighing near-term margin pressures.

Carlyle Group

We started a new position in Carlyle Group ("Carlyle") during Q4. Carlyle is a name-brand private equity firm. We like the private equity business because 1) the sector is taking market share with investor portfolios, 2) the business results of private equity firms are asymmetrical in bull markets versus bear markets, and 3) the locked-up client capital is more durable than traditional investment managers.

Carlyle's stock had a tough 2022. Private equity firms had very strong years in 2020 and 2021 as investors recognized the attractiveness of the business model. They bid up multiples to unattractive levels. Then as the bear market of 2022 unfolded, investors pulled away from the stocks of private equity firms due to the firm's equity exposure. The high market valuations made it unattractive for private equity firms to make new investments, and, at the same time, the declining stock market made it difficult to monetize existing investments.

Carlyle underperformed the other private equity firms for a couple of reasons: 1) the company botched the CEO transition from the three company founders to the next generation, and 2) fund raising slowed after raising several large funds in 2021. Investors are understandably concerned about the botched CEO transition from several angles: 1) the firm will have trouble attracting and retaining talent, or 2) large investors will be reluctant to commit to new funds. We believe Carlyle's founders will resolve the CEO issue in the 1st half of 2023. Once a new CEO is in place, investors should feel more comfortable buying the stock.

At its current valuation, we are buying Carlyle at about 10x fee-related earnings ("FRE"). FRE measures all costs of the company against the management fees to estimate earnings without regard to incentive or performance fees. So, even if Carlyle never earned a performance fee in the future, we'd be paying a reasonable multiple for the FRE income stream. Of course, this is simplistic because if Carlyle never earned a performance fee in the future, then the firm would never raise another fund, and the

management fee stream would melt away. We fully expect Carlyle to earn performance fees in the future, but we view them as free options.

Another potential upside to Carlyle is improved operating margins. When Carlyle was privately owned, the firm's operating model was to run the business at break-even on a management fee basis, and the partners would get paid on performance fees. As Carlyle and other private equity firms became publicly-traded, it became obvious that the other PE firms were profitable on a management fee basis versus Carlyle's model of break-even. We have two thoughts about Carlyle's practice of running the firm break-even on a management fee basis:

> 1) Carlyle probably has a bloated cost structure as the managers thought of the management fee line item as their potential budget because they did not have to show a profit margin on that revenue, and
>
> 2) Carlyle's valuation was handicapped when sell-side analysts began using sum-of-the-parts analysis to value the PE firms. Carlyle has moved away from operating at break-even on a management fee basis, but their operating margins are still significantly lower than their peers.

If Carlyle were to bring in an outside CEO, we believe there is an opportunity for them to improve Carlyle's operating margin and improve its valuation. Carlyle is unique amongst its peers with its opportunity for margin expansion.

Office REITs

We are short the shares of several Office REITs. We believe the demand for office space will stay very low as the workforce adjusts to hybrid working conditions. Most office leases are multi-year leases. As these leases burn off, we believe companies will demand less space. We think this presents a long-term problem for owners of office space as the demand for future office leases will be materially lower compared to pre-pandemic.

We think it's difficult to see how much value destruction there is in the financial statements of office REITs because their tenants are still paying their current leases. But, we have leading indicators that demand destruction is taking place, such as

1) keycard swipes by workers are running about 40% occupancy per day versus 80% pre-pandemic,

2) the amount of office space available for sublease is quite high,

3) we have seen several office REITs cut their dividends, and

4) we are seeing some banks noting problems with office buildings in their loan portfolios.

We think there is an especially acute problem in major gateway cities such as New York City and San Francisco, as the workforce does not want to return to commuting into these central business districts. But, we do not think there is a safe place to hide for owners of office buildings.

mREIT Preferreds

Several preferred stock issues of different mortgage Real Estate Investment Trusts ("mREITs") appear attractive. mREITs had a very difficult 2022 because mortgage spreads widened significantly. Mortgage spreads widened because the Federal Reserve stopped buying mortgage-backed securities ("MBS") as part of their Quantitative Easing Program. Since mREITs own MBS on a leveraged basis, when mortgage-to-Treasury spreads widen, the book value of mREITs decline. Also, higher interest rates are a headwind for mREITs and their related preferred issues.

In September 2022, mortgage spreads gapped out. Investors in mREIT preferreds became worried that the losses would cause book values to decline and possibly impair the value of the preferreds. For the preferred to be impaired, it would mean 100% of the book values were wiped out. When mREITs reported their book value declines for the September quarter, they were only down 15-20% across the industry, so no mREIT preferred issues were impaired. Since September 30th, mortgage spreads have tightened (or declined), which has been positive for book values. Now, the mREIT preferreds have more equity protecting them. But, the preferred values only marginally recovered through year-end.

Another interesting aspect of the mREIT preferreds is the market seems to be ignoring the upcoming Fixed-to-Floating resets. Most mREIT preferreds are structured with an initial 5-year fixed rate term. Then, the coupon resets to a floating rate such as the 3-month Secured Overnight Financing Rate ("SOFR") plus a spread. On mREIT preferreds, the spread is usually around 5%. With 3-month SOFR at 4.7%, these mREITs are going to reset to a coupon around 9.7%. To me, it looks like the market is ignoring the upcoming resets. Instead, the market is pricing these mREIT preferred issues based on the yield on the fixed rate coupon because most of them are trading at a similar current yield of 9%. But, if we look at the yield after the reset, they are trading with yields between 10% and 13%. Some of the resets are within the next two years, while others are still more than 4 years away. We note that the mREIT issues that have already gone from fixed to floating trade close to their par value.

We like the total return potential on the mREIT preferred issues as they approach their fixed-to-floating reset dates.

Portfolio Analysis

Largest Positions
Below are the Fund's five largest common equity long positions. All data is as of December 31, 2022.

Long
Genworth Financial
OFG Bancorp
Jackson Financial Inc.
First Bancorp Puerto Rico
PennyMac Financial Services

Sub-sector Weightings

Below is a table showing the Fund's positioning within the Financials sector[4] as of December 31st, 2022.

	Long	Short	Net
Alt Asset Managers	5.34%	0.00%	5.34%
Capital Markets	13.35%	0.00%	13.35%
Banks (large)	25.98%	-13.18%	12.79%
Banks (small)	28.12%	-17.81%	10.31%
P&C Insurance	8.49%	0.00%	8.49%
Life Insurance	19.86%	0.00%	19.86%
Non-bank Lenders	15.91%	0.00%	15.91%
Processors	0.00%	0.00%	0.00%
Real Estate	17.71%	-14.40%	3.32%
Exchanges	0.00%	0.00%	0.00%
Index Hedges	0.00%	0.00%	0.00%
Non-Financials	0.00%	0.00%	0.00%
Total	134.76%	-45.39%	89.37%

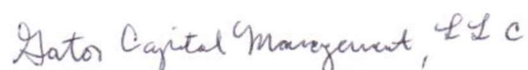
The Fund's gross exposure is 199.29%, and its net exposure is 90.57%. From this table, we exclude fixed-income instruments such as preferred stock. Preferred stock positions account for an additional 15.47% of the portfolio.

Conclusion

Thank you for entrusting us with a portion of your wealth. We are grateful for you, our investors, 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 prepared this letter. Ultimus LeverPoint Fund Solutions, 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.

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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.

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