GATOR
CAPITAL MANAGEMENT

September 19, 2016

Dear Gator Financial Partner:

We are pleased to provide you with Gator Financial Partners, LLC's (the "Fund") September 2016 investor letter. This letter briefly reviews the Fund's investment performance through August 2016, discusses three consumer finance stocks we own in the portfolio, reviews the low valuations of stocks within the portfolio, and discusses the Fund's current net exposure and positioning by sub-sector.

Review of YTD 2016 Performance

As you know, 2016 has been a bumpy year so far, and we have managed through the year with more than our fair share of volatility. Through August 2016, the Gator Financial portfolio has returned a positive 12.0%. We've continued to benefit from a rebound in a few underperformers from 2015 and a couple of new ideas. Syncora Holdings, Ambac Financial Group, and Bimini Capital Management have helped to increase returns in 2016. On the negative side of the portfolio, our positions in Voya Financial and KKR are still lagging.

	YTD 2016	Total Return Since Inception	Annualized Return Since GFP's Inception
Gator Financial Partners, LLC	12.00%	428.37%	22.61%
S&P 500 Total Return Index[1]	7.82%	102.82%	9.05%
S&P 1500 Financials Index	5.47%	51.47%	5.22%

The Fund's inception date was July 1, 2008. Past performance is not indicative of future results. Performance is presented net of fees and expenses. Please see Appendix A for additional disclaimers.

[1] The market index shown has been selected for purposes of comparing the performance of an investment in Gator Financial Partners, LLC 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 Gator Financial Partners, LLC (the "Fund"). The Fund is not restricted to investing in those securities which comprise this index, its performance may or may not correlate to this index, and it should not be considered a proxy for this index. 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. An investment cannot be made directly in an index. 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 financial sector of the U.S. equity market. Gator Financial Partners, LLC 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.

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Consumer Finance Stocks

We increased our holdings of consumer finance stocks after the industry drastically underperformed the market in June. We owned a position in Capital One, and we built new positions in two other consumer finance stocks: SLM Corporation and OneMain Holdings. We see a high level of skepticism among investors regarding consumer lending. We believe investors are still fearful of the industry after the problems of 2008. Our view is that the industry is on stronger footing now than any time in the 25 years that we have followed it. Plus, we think it is unlikely consumer lending will be the cause of the next recession or financial crisis like it was in 2008. We see many investors making the argument that subprime auto lending is in a bubble, so consumer lending is about to implode. We think there may well be companies that get into trouble in subprime auto lending, but there is not a widespread problem. We think the current fear of consumer lending has created an environment where investors have overlooked good things happening at each of these companies.

<u>Capital One</u>

We believe Capital One stock is interesting because it has the best combination of growth and value among the super-regional banks. With its mix of national lending platforms and online deposit gathering franchises, Capital One has the best strategic positioning of super-regional banks. The company is posting the best growth rate among the credit card issuers. The non-promotional management team has been positive about the growth opportunities that they currently see. The company's stock trades for less than 9.0x 2017 Bloomberg's consensus estimated earnings per share compared with similarly sized banks trading more than 12.0x. Capital One has been returning excess capital to shareholders by repurchasing 6% of outstanding shares per year for the past few years. We think the downside is limited as Capital One trades at 1.2x tangible book value.

Capital One is the best positioned of the super-regional banks. Capital One is unique among the super-regional banks in that it has national lending platforms for credit cards and auto finance. These two lending segments have consolidated and peers would have difficulty entering these businesses beyond cross-selling to their existing customers. We believe the growth rates and the returns from these two segments are higher than the typical bank loan portfolio of business loans, commercial real estate loans, and mortgage loans. In late 2015, Capital One added another national lending platform by acquiring General Electric's Healthcare Finance unit. We give credit to Capital One's management team for realizing years ago that certain lending businesses would consolidate nationally. Then, they positioned the company to ensure they will be one the long-term players in these markets.

Capital One is also better positioned than its peers with both local and online deposit gathering franchises. Over the last ten years, Capital One improved its liability profile by acquiring banks in New York, Washington, DC, and New Orleans. These banks were primarily acquired for their deposits, but they each had reasonable commercial lending businesses. Capital One has continued to operate these commercial lending businesses in the local markets because they earn more than their cost of capital, but they have lower growth and returns than Capital One's national lending businesses. In 2012, Capital One enhanced its deposit franchise by acquiring ING Direct, one of the pioneers in online banking. This acquisition gave Capital One the leading position in online deposit gathering. Although the banking system has been awash in deposits since this acquisition, this online deposit gathering scale will enable Capital One to maintain its growth rate when industry deposit growth is less robust. With the combination of national lending platforms, local deposit franchises, and the online deposit gathering presence of ING Direct, we believe Capital One will able to grow faster and earn higher returns than the other super-regional banks.

We think investors are overlooking the best-in-class growth rate of Capital One's credit card business. The table below shows Capital One is growing both credit card receivables and credit spending by its customers faster than the other major credit card issuers. We believe Capital One's growth is driven by

	Y/Y Growth %	
	Receivables	**Spending**
JPM	4.4%	8.0%
BAC	-0.4%	1.6%
C	3.7%	12.2%
AXP	3.4%	1.8%
DFS	4.0%	2.2%
COF	12.1%	13.8%

As of 6/30/2016
Source: Company reports, Gator Capital Management
Note: C & AXP data have been adjusted for sale of Costco portfolio

management's long-term marketing campaigns focused on rewards and building the best card products with 1.5% cash back (Spark) and double miles cards (Venture). We think Capital One differentiates itself from peers because of a willingness to forgo current earnings for business enhancing investments for customer acquisition or advertising that have a long-term positive net present value. Often, these investments detract from earnings in the current period. An example of this business investment is the 15% annual increase in marketing spending over the past two years, which has accelerated receivable growth from 1% to 12%. However, Capital One's earnings per share over this time period is flat as the additional revenue from the receivable growth has gone to pay for the marketing spend and to add to its loan loss reserves. While companies in other industries are rewarded for deferring earnings in favor of growth investment, bank investors may be hesitant to give Capital One credit for their growing credit card portfolio until they see evidence of earnings growth. We see this as an opportunity to buy Capital One at an attractive valuation with growth on the horizon.

Capital One's management has a history of discussing their business in a non-promotional manner, so we take note when we hear them talk enthusiastically about their current prospects. Capital One does not manage earnings or give earnings guidance. Instead, the management team talks in terms of business drivers on earnings conference calls or at investment conferences. When management sees an opportunity to grow the business through additional investment, they will spend the money even if it means they will "miss" the quarter due to the extra expense. On recent conference calls, Capital One's management has talked favorably about the long-term benefits of the recent growth even though current earnings are not reflecting the recent balance growth of the company's credit card business.

Capital One's growth is not only compelling versus other credit card lenders, but its valuation is compelling versus other super-regional banks. As you can see from the table, Capital One has the

Super-Regional Banks						
Symbol	Price	Market Cap (millions)	2017 Price/ Earnings	Price/TB	ROTE	2017 Projected Growth Rate
USB	43.27	74,050	12.7	2.52	18.9%	5.3%
PNC	89.99	44,222	12.1	1.36	10.7%	4.8%
COF	71.27	36,497	8.9	1.22	12.4%	10.3%
BBT	37.78	30,772	12.3	1.92	14.4%	8.6%
STI	43.84	21,733	12.1	1.39	11.0%	4.0%
MTB	116.26	18,226	13.5	1.74	12.0%	8.0%
FITB	20.25	15,519	12.1	1.20	9.4%	4.8%
KEY	12.32	13,327	9.9	1.03	8.8%	17.9%
CFG	24.63	12,795	12.0	0.99	7.4%	11.6%
RF	9.63	12,081	10.7	1.08	9.4%	7.8%
FRC	75.47	11,246	17.2	2.32	12.0%	12.5%
HBAN	9.90	10,741	11.1	1.37	11.4%	8.5%
Median			12.1	1.36	11.2%	8.2%

Source: Bloomberg, Gator Capital
Pricing date: close of September 13, 2016 close

lowest valuation of the super-regional banks on a Price-to-Earnings basis. Four banks (FITB, KEY, CFG & RF) have lower Price to Tangible Book Ratios, but each of these banks have lower returns on equity than Capital One.

While we believe Capital One is compelling, we need to acknowledge the bearish arguments against our position:

1. Company may not meet estimates as it continues to post increasing loan loss provisions due to "growth math." Capital One has not been explicit about the exact seasoning of their new credit card loans. However, they have said that their loan loss reserve is built to approximate the next 12 months of net charge offs. They have also said that net charge-offs in 2017 will be in the "low 4% range" up from 4% in 2016. Based on our modeling, we think loan loss provisioning will decelerate on a quarterly basis starting in Q3, so we think this will be a tailwind for Capital One earnings over the next 6 quarters.
2. Company has a couple pockets of credit weakness: taxi medallion loans and oil & gas loans. We think Capital One is close to putting these two issues behind them. Although, their taxi medallion portfolio may need some modest additional loan loss provisioning over the next couple of quarters. We believe they are adequately reserved for their oil & gas lending exposure.

3. Capital One is one of the largest lenders in the sub-prime segments of the credit card and auto loan markets. Subprime lending can be the most volatile when entering a recession, but the returns are higher to compensate for the additional risk. We believe Capital One can manage through the risks of sub-prime lending.

We think Capital One's stock is interesting at this time because it has asymmetrical returns. With the stock at $71, we see upside to $126 and downside to $58 by the end 2018. With these targets and dividends, the upside case is +32% annualized return and in the downside scenario the annualized return is -7%.

<u>SLM Corporation</u>

We purchased SLM Corporation ("SLM") this summer because it was trading at 10x 2017 estimated EPS and is growing its loan portfolio more than 20% annually. SLM is the renamed student loan company formerly known as Sallie Mae. The student loan industry has gone through significant changes over the last 10 years. The industry used to originate a mix of government guaranteed loans and private loans. In 2010, the government ended the program of third-party lenders making government guaranteed loans. Now, the government makes direct student loans for up to $31,000 per student for the four years of college. Student lenders, like SLM, provide private student loans for costs above $31,000.

In 2014, SLM split into two companies: SLM and Navient. SLM retained the student loan origination platform and the newly created banking operation. Navient took most of the existing portfolio of student loans and the student loan servicing and debt collection platforms. At the time of the spin-off, we thought SLM was interesting because it would grow very quickly and we thought the student loan origination platform was a valuable asset, but we didn't buy the stock because it traded at 25x earnings and a portion of the earnings were gains from selling new loan originations.

After the 2014 separation between SLM and Navient, SLM owned a new banking subsidiary and retained the large, dominant student loan origination franchise. SLM's economic model was earning revenues from two sources: the net interest spread on loans it retained and gain on sale income on excess loan originations it sold. The reason SLM sold any loans was due to restrictions regulators placed on the growth of SLM's banking subsidiary. Regulators typically place additional growth and capital limits on new banks because these growth restrictions reduce risk. This is a reasonable regulatory practice because history has shown that new banks are more likely to have problems and/or fail. SLM originates $5 billion of new student loans per year, but their banking subsidiary was not allowed to grow at a rate that would absorb all of these originations, so it sold the loan originations that it could not retain into the capital markets. SLM's student loans are very attractive to buyers because they have high credit quality, they are variable rate, and they have spreads between 4% and 8% above Libor. In 2014 and early 2015, buyers paid a 10% premium for SLM's excess loan originations.

In 2015 and early 2016, SLM's stock price declined due to a decline in earnings from selling new student loan originations. This stock decline was interesting to us because we had placed a low value on the income from selling loans. Midway through 2015, the buyers stopped paying 10% premiums for SLM's loans and only offered 6% premiums. This lower price led to lower revenue and earnings for SLM.

SLM's management team didn't like selling the loans in the first place, but they had to because of the growth limits. When the market lowered the premium they were willing to pay SLM, SLM management went to their banking regulator to ask for a growth waiver, so they could retain the loans. SLM's regulator granted the growth waiver, so SLM's management could stop selling loans entirely and retain the loans on SLM's balance sheet. We think it is better for SLM to retain the loans, have higher-quality recurring earnings and a faster growth rate. SLM's stock declined during this time because near-term earnings estimates declined as gain on sale revenue and income went away completely.

The two main risks to the SLM investment thesis are a potential change to how student loans are handled in bankruptcy cases and some unforeseen problem with SLM's credit underwriting. Borrowers still have to pay their student debt even if they declare bankruptcy. Congress would have to pass a law to give borrowers relief in bankruptcy. We don't think a change will happen in the medium-term, but we constantly worry about a possible change. We believe SLM's underwriting is strong and has improved by using higher credit scores, having more loan co-signers, and focusing on schools with higher graduation rates. But, we can always get a credit surprise, so we monitor SLM's credit metrics to see if we can detect any bad trends.

At recent prices, SLM trades at 10.9x 2017 estimated EPS and is growing >20%. We think other investors will recognize this as the company reports earnings over the next year. In addition, we believe SLM's dominant 50% market share of private student loan originations is attractive to a major bank looking to grow their balance sheet.

<u>OneMain Holdings</u>

We purchased OneMain Holdings because it was trading 5x 2017 estimated EPS, and we believe it is a beneficiary of consolidation in the consumer unsecured lending business. We believe as the company realizes the cost savings from a recent major acquisition and deleverages through retaining earnings that the stock valuation will improve.

OneMain Holdings is relatively new to the public markets, but the core operations of the company have a long history. The private equity firm Fortress Investments purchased AIG's consumer lending business, American General Finance, in 2010 and renamed it Springleaf Finance. Fortress brought Springleaf public in a 2013 initial public offering at $17. The Springleaf stock performed well in 2014 and traded around $35 by early 2015. In March 2015, Springleaf announced an agreement to acquire OneMain Financial from Citigroup. The market reacted favorably to the proposed acquisition due to the potential earnings accretion and bid Springleaf's stock above $50. The deal closed in November 2015 and Springleaf changed its name to OneMain.

A key component of the OneMain investment thesis is deleveraging its balance sheet. OneMain paid Citigroup $4.5 billion in cash. Because OneMain borrowed this money, OneMain was leveraged over 18x at the close of the acquisition. But, earnings and a sale of a non-core portfolio has already brought the leverage down to 11.4x. The table below shows our estimate of OneMain's future deleveraging

	2015 Q4 Actual	2016 Q2 Actual	2016 Q4 Estimate	2017 Q2 Estimate	2017 Q4 Estimate	2018 Q2 Estimate	2018 Q4 Estimate

Debt-to-Tangible Equity	18.5x	11.4x	10.8x	9.5x	8.2x	7.6x	7.0x

through retained earnings and having a loan growth rate below the rate of their capital generation. In our experience, stocks of deleveraging companies with low valuations benefit from the value creation of the debt pay down.

OneMain earnings growth profile is attractive due to cost savings and loan growth. OneMain has significant cost saving opportunities while consolidating the purchase from Citigroup. The benefit of these cost savings are phased in over the 2016-18 timeframe. Essentially, OneMain is able to eliminate duplicative costs and there are substantial overlaps. The table below shows the earnings growth

	2014 Actual	2015 Actual	2016 Estimate	2017 Estimate	2018 Estimate
EPS	2.07	2.35	4.12	5.68	6.50
EPS Growth	7.8%	13.5%	75.3%	37.9%	14.4%

progression. Once OneMain accomplishes the cost savings, we believe the earnings growth beyond 2018 will be attractive because we think the basic economic model of OneMain's business generates a return on equity greater than 25%. We also think OneMain will be able to grow its loan portfolio with quality loans through its core business.

In the sell-off the first six weeks of 2016, OneMain's stock materially underperformed the Financials sector and the broader market, but we don't think there was any new reason that justified this level of underperformance. By Feb. 11th, OneMain was down 54% year-to-date compared to a 17% decline in the Financials sector and a 10% decline in the S&P 500. During this time period, there was no news flow on OneMain to justify the underperformance. Clearly, investors decided to de-risk their portfolios by selling their OneMain shares in Q1. Even though the market has recovered to positive territory for the year, OneMain is still down 27% year-to-date and trades at 5x 2017 estimated EPS. OneMain recently traded for $30.

We believe OneMain is well-positioned in the consumer installment loan industry because the competitive intensity has declined compared to other areas of lending. Since OneMain is a combination of two large legacy players it holds a strong competitive position in the consumer installment lending market. Due to the Dodd-Frank banking regulation law and banking regulators desire to reduce risk within the banking system, commercial banks have pulled back from making consumer installment loans. Some prominent bank competitors have reduced their participation in consumer installment lending such as HSBC, which had purchased Household Financial, and Wells Fargo Financial. We also think OneMain has a significant competitive advantage over online lenders due to the intensive local servicing done by its employees in the branches.

The primary risks to our thesis on OneMain are potential problems with credit quality, potential inability to access the capital markets, and a high degree of financial leverage. OneMain and its predecessors have been making loans for 90 years and were able to navigate the recession of 2008. We monitor their credit statistics on a monthly basis and are comfortable with the recent trends. Since OneMain is not a bank, it is dependent on the capital markets for funding its liabilities. If access to the credit markets shutdown for an extended period of time, OneMain may have problems funding its balance sheet. OneMain uses a combination of loan securitizations and unsecured debt to fund its balance sheet. We do not see any issues with continued access to the capital markets for their loan securitizations. In the unsecured debt market, the ability for OneMain to issue new debt may stop from time to time depending on how the overall credit market is performing. As OneMain retains earnings over the next two years and deleverages, we think it will be able to manage through these market hiccups with more ease. During a recent example of a closed debt market in Q1 of 2016, OneMain was able to access this market in early April and was one of the first non-investment grade issuers to complete a new offering. We expect OneMain to achieve its target leverage ratio by the 3rd quarter of 2018.

With the low valuation and underperformance of the stock this year, we think OneMain has attractive upside. Over the next three years, we think it is reasonable that OneMain will trade up to 10x estimated earnings per share. We believe OneMain's earnings multiple will expand as the company realizes the cost savings from its recent acquisition and its leverage declines through retained earnings. At 10x earnings, OneMain's stock would be greater than $60 or more than 100% appreciation from the current share price.

Low Multiples within Portfolio

We believe the holdings in our portfolio trade at compellingly low valuations. We hear consternation about the high valuation of the stock market, but we do not see it in our portfolio. We are reminded that it is a market of stocks and not a single homogenous stock market. In our hated corner of the stock market, we find many inexpensive stocks.

Here are the top twenty holdings in our portfolio (ranked alphabetically.) We exclude four special situation holdings that do not have sell-side earnings estimates: Ambac, BFC Financial, Syncora, Fannie Mae Preferreds, and Bimini Capital Management. In the table, we show the companies' Price to Earnings ratio ("P/E Ratio") based on the September 16th stock market close and the current consensus earnings per share estimates for 2017 calculated by Bloomberg.

Symbol	2017 Price/ Earnings	Price/ Tangible Book
AMP	9.4	N/A
ARES	10.9	N/A
C	9.0	0.73
CG	8.0	4.74
CLNY	8.8	1.15
COF	8.8	1.21

COWN	8.6	0.65
JPM	10.6	1.33
KINS	7.0	1.41
KKR	6.9	1.35
MS	10.6	1.01
NMIH	9.5	1.12
OFG	10.1	0.68
OMAM	9.3	N/A
OMF	5.5	3.91
OPY	9.3	0.58
SLM	11.0	1.93
STI	12.1	1.38
VOYA	7.6	0.38
ZION	13.5	1.04

Source: Bloomberg

As you can see, most of these holdings have single digit price-to-earnings ratios and/or low Price to Tangible Book Value Ratios (“P/TB Ratio”). We note The Carlyle Group, OM Asset Management, Ares Management, and Ameriprise are asset management businesses, so their P/TB Ratios are not as important as these businesses do not need to reinvest their capital to grow their businesses.

We look at these low multiples within our portfolio and are excited about the opportunities we see. We believe the businesses we own are solid and continue to grow and gain value. Although they may be out of favor at the moment, we know stock market investors can be temperamental and may come around to our view on these companies. When market pundits talk about the high valuations in the stock market, we believe our portfolio consists of stocks with modest valuations.

Portfolio Analysis

Below are the Fund’s largest common equity long and short positions. All data is as of August 31, 2016.

Largest Positions

Long	Short
Ambac Financial Group, Inc.	The Western Union Company
Syncora Holdings Ltd.	Old National Bancorp
Voya Financial, Inc.	Iron Mountain Incorporated
KKR & Co. LP	People’s United Financial Inc.
BFC Financial Corporation	Financial Engines, Inc.

From this list, we exclude ETFs and fixed income instruments such as preferred stock.

Sub-sector Weightings

Below is a table showing the Fund's positioning within the Financials sector as of August 31st:

	Long	Short	Net
Alt Asset Managers	16.53%	0.00%	16.53%
Asset Managers	3.60%	-1.24%	2.36%
Broker Dealers	8.66%	0.00%	8.66%
Banks (large)	21.78%	-4.32%	17.45%
Banks (small)	6.03%	-5.15%	0.87%
P&C Insurance	3.69%	0.00%	3.69%
Life Insurance	5.89%	0.00%	5.89%
Non-bank Lenders	26.93%	-0.45%	26.49%
Processors	0.00%	-2.68%	-2.68%
Real Estate	3.84%	-2.34%	1.50%
Exchanges	0.00%	0.00%	0.00%
Index Hedges	1.44%	-28.37%	-26.93%
Non-Financials	0.00%	0.00%	0.00%
	98.38%	-44.55%	53.83%
Index Put Options	0.00%	-20.93%	-20.93%
Total	4.66%	-65.48%	32.90%

The Fund's gross exposure is 143% and its net exposure is 32.9%. From this table, we exclude fixed income instruments such as preferred stock. Preferred stock positions account for an additional 4.6% of the portfolio.

Organizational Changes

We have made two organizational changes since our letter in May. First, we merged our QP fund into our original fund. We did this to cut expenses across both funds and to ease portfolio management. We still have our Offshore Fund as feeder fund into our original fund. Second, our trader, Chris Pilecki has joined Oakpoint Advisors, and we signed a contract with Oakpoint to continue to use his services. Due to our low turnover, we determined Chris had spare capacity that can be made available to other funds.

Conclusion

As we have many stocks in our portfolio with low valuations and potentially significant upside, we are optimistic over the near-to-medium term. Thank you for entrusting us with a portion of your wealth. On a personal level, I continue to have significantly more than 50% of my 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,

Derek S. Pilecki
Managing Member of Gator Capital Management, LLC, which is the
Managing Member of Gator Financial Partners, LLC

This report was prepared by Gator Capital Management, LLC. ALPS Fund Services, Inc., our administrator, is responsible for the distribution of this information and not its content.

Appendix A

Additional Disclaimers and Notes on Performance Results

The performance results shown on the first page of this letter are presented on a net-of-fees basis and reflect the deduction of, among other things: management fees, brokerage commissions, administrative expenses, and accrued performance allocation, if any. Net performance includes the reinvestment of all dividends, interest, and capital gains; it assumes an investor has been in the fund since their respective inception dates and participated in any "new issues". Depending on the timing of a specific investment and participation in "new issues", net performance for an individual investor may vary from the net performance as stated herein. Performance data for 2014 is estimated and unaudited.

The inception date for Gator Financial Partners, LLC was July 1, 2008. The performance data presented on the first page of this letter for the market indices under "since inception" is calculated from July 1, 2008. The returns represented encompass a market and economic period of extreme volatility which may not repeat itself.

The market indices shown on the first page of this letter have been selected for purposes of comparing the performance of an investment in Gator Financial Partners 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. The funds are not restricted to investing in those securities which comprise any of these indices, their performance may or may not correlate to any of these indices, and it should not be considered a proxy for any of these indices.

Past performance is not necessarily indicative of future results. All investments involve risk, including the loss of principal. This letter is confidential and may not be distributed without the express written consent of Gator Capital Management, LLC. It does not constitute a recommendation, an offer to sell, or a solicitation of an offer to purchase any security or investment product. Any such offer or solicitation may only be made by means of delivery of an approved confidential private offering memorandum.

This letter contains information and analyses relating to some of Gator Financial Partners' positions during the period reflected on the first page. Gator Capital may currently or in the future buy, sell, cover or otherwise change the form of its investment in the companies discussed in this letter for any reason. Gator Capital hereby disclaims any duty to provide any updates or changes to the information contained herein including, without limitation, the manner or type of any Gator Capital investment.

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CAPITAL MANAGEMENT

Gator Financial Partners, LLC

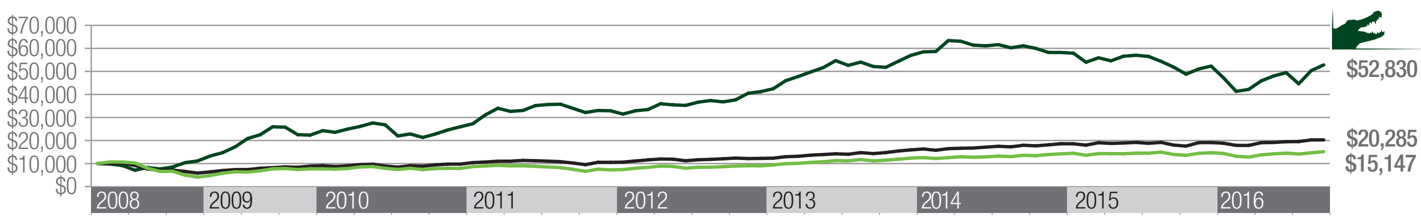
Derek Pilecki, CFA
Portfolio Manager

August 2016

Monthly Performance, Net of Fees

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2016	(12.35%)	2.02%	8.77%	4.68%	3.00%	(9.79%)	12.80%	4.95%					**12.00%**
2015	(6.78%)	3.56%	(2.34%)	3.67%	0.74%	(0.90%)	(3.78%)	(4.55%)	(5.96%)	4.60%	2.49%	(9.85%)	**(18.55%)**
2014	0.27%	8.12%	(0.48%)	(2.69%)	(0.49%)	0.88%	(2.27%)	1.44%	(1.87%)	(2.89%)	(0.04%)	(0.52%)	**(0.97%)**
2013	8.26%	3.97%	4.11%	3.80%	5.89%	(3.78%)	2.70%	(3.51%)	(0.71%)	5.06%	4.73%	2.68%	**37.76%**
2012	4.55%	1.65%	7.51%	(1.37%)	(0.67%)	3.99%	1.94%	(1.57%)	2.40%	7.61%	1.72%	3.01%	**34.87%**
2011	14.03%	9.26%	(4.00%)	1.20%	6.43%	1.32%	0.36%	(5.00%)	(5.34%)	2.76%	(0.41%)	(4.34%)	**15.34%**
2010	(2.97%)	6.01%	4.55%	5.77%	(3.00%)	(17.98%)	3.93%	(6.65%)	7.03%	7.73%	5.61%	5.13%	**12.39%**
2009	22.60%	7.00%	19.23%	11.00%	17.19%	20.93%	7.90%	15.28%	(0.50%)	(12.63%)	(0.87%)	8.65%	**186.31%**
2008							(1.89%)	(7.24%)	(21.90%)	16.63%	(7.93%)	11.02%	**(15.26%)**

Growth of $10,000



Overview

Gator Financial Partners, LLC (the “Fund”) is a long/short equity hedge fund focused on the Financials sector. The Fund is run with variable net common exposure in an attempt to produce investment returns that are independent of the market direction of the Financial sector.

The Fund’s portfolio is built by performing intensive bottom-up fundamental research on both long and short positions. The Fund’s portfolio is concentrated on the portfolio manager’s highest conviction ideas. The Fund never sells options but will purchase warrants and LEAPs as stock replacements.

The Fund favors small companies and companies with less research coverage from the sell-side. There are 1,600-plus publicly traded companies in the Financials sector. In addition, the sector requires specialized knowledge to correctly analyze the companies. Therefore, the portfolio manager believes there are regular opportunities for specialized investors doing fundamental research in the sector.

The Fund’s goal is to maximize total return without using leverage while accepting short-term periods of volatility due to the portfolio’s concentration.

Private Funds AUM	$24.5M
Strategy AUM	$41.7M
Firm AUM	$64.0M

"PRIVATE FUNDS AUM" IS DEFINED AS ASSETS UNDER MANAGEMENT ("AUM") IN GATOR FINANCIAL PARTNERS, LLC, GATOR FINANCIAL PARTNERS QP, LLC AND GATOR FINANCIAL PARTNERS OFFSHORE, LTD. “STRATEGY AUM” IS DEFINED AS AUM (BOTH IN FUNDS AND IN SMAS) USING THE SAME INVESTMENT STRATEGY AS GATOR FINANCIAL PARTNERS, LLC. “FIRM AUM” IS DEFINED AS ALL AUM BY GATOR CAPITAL MANAGEMENT, LLC.

Performance and Risk Analysis

	Gator Financial	S&P 500 TR	S&P 1500 Financials TR
Average Monthly Return	1.98%	0.83%	0.67%
Monthly Compound Return	1.71%	0.72%	0.42%
Annual Compound Return	22.61%	9.05%	5.22%
Cumulative Return	428.37%	102.82%	51.47%
Profitable Percentage	60.20%	65.31%	58.16%
Max Drawdown	(34.79%)	(42.62%)	(61.55%)
Risk Analysis			
Annualized Volatility	25.71%	15.77%	24.10%
Sharpe Ratio (RFR)	0.80	0.55	0.21
Sortino Ratio (RFR)	1.40	0.80	0.29
Downside Deviation	14.67%	10.89%	17.55%
Regression Analysis (Trailing 36 months)			
Annualized Alpha	—	(11.06%)	(9.52%)
Beta	—	1.12	1.09
R^2	—	0.45	0.55

Risk Management

Initial Position Size – L/S	2% to 4% / 1% to 2%
Maximum Position Size	10% at cost
Gross Exposure Target	Less than 200%
# of Positions – L/S	30-50 / 30-50

About Gator Capital Management LLC

Gator Capital Management, LLC was founded in 2008 by Derek Pilecki and is located in Tampa, Florida. Gator Capital Management manages small cap portfolios, separately managed accounts, and sector specific private investment partnerships for private and institutional clients and mutual fund investors. Gator Capital Management is registered with the SEC as a Registered Investment Advisor[1].

Derek Pilecki, CFA

Managing Member and Portfolio Manager

Derek Pilecki is the founder of Gator Capital Management and Portfolio Manager for the Gator Financial Partners, LLC.

Prior to Gator, Derek was a member of the Goldman Sachs Asset Management (GSAM) Growth Equity Team. While at GSAM, Derek provided primary coverage of the Financials for the Growth Team. Prior to GSAM, Derek was an equity analyst at Clover Capital Management and Burridge Growth Partners.

Derek holds an MBA with honors in Finance and Accounting from the University of Chicago and a BA in Economics from Duke University.

Derek's largest personal asset is his investment in the Fund and comprises more than 50% of his liquid net worth.

1. Registration of an investment advisor does not imply any level of skill or training.

GATOR
CAPITAL MANAGEMENT

Gator Capital Management, LLC
100 S. Ashley Dr., Suite 895
Tampa, FL 33602
Phone: 813-282-7870

Investment Terms

Management Fee	1.0% of assets annually
Incentive Allocation	20% of profits
High-Water Mark	Yes
Lock-up	None
Redemption Policy	Monthly, 10 business days
Minimum Investment	$100,000

Service Providers

Administrator	ALPS Fund Services, Inc.
Prime Brokers	Interactive Brokers, LLC and Jefferies, LLC
Legal Counsel	Kilpatrick Townsend & Stockton LLP
Auditor	Kaufman, Rossin & Co.

Disclaimer

Appendix C
Review of the Gator Financial Partners Strategy and Goals

The Fund is a long/short equity fund focused on the Financials sector. We use a bottom-up fundamental analysis to make investments and build the portfolio, one stock at a time. We attempt to own (or go long) undervalued securities and sell short securities that are overvalued. We generally keep the Fund close to market neutral because we believe returns from stock selection may be more consistent than returns from over-weighting or under-weighting the sector at the appropriate time.

One competitive advantage of the Fund is the deep focus on the Financials sector. The Financials sector has many sub-industries: money center banks, regional banks, trust banks, community banks, thrifts, broker-dealers, non-bank financials, REITs (commercial, apartment, industrial, retail, mortgage, etc.), P&C insurance, life insurance, insurance brokers, asset managers, exchanges, and financial technology companies. While many of the major hedge funds are positive on the Financials sector, they generally express their view in the liquid, large-cap banks. While these may be fine positions over time and we own some of these same banks, we add most of our value by going several layers deeper to find attractive values among the less popular or well-known companies in the sector.

Seventy-five percent of the Fund's positions must be in companies in the Financials sector or in companies with a significant stake (33% of revenues, profits or allocated capital) in financial services operations. Examples of companies with significant financial services operations are General Electric with GE Capital and eBay with PayPal. Historically, 90 to 95% of the fund's positions have qualified as a member of the Financials sector or financial services related. The non-financial services positions tend to be special situations such as spin-offs, initial public offerings, or short positions in former fad or concept stocks.

There are two other distinguishing characteristics of the Fund: a concentrated portfolio and a focus on opportunities with asymmetrical risk/reward (this is code for: "We swing for the fences when we believe the odds are in our favor."). We run the Fund with a concentrated portfolio for several reasons. We believe a concentrated portfolio creates discipline in weeding out bad ideas. Another benefit of a concentrated portfolio is a focus on the best ideas. One of my mentors from GSAM taught me that any stock worth buying is worth buying in size. Positions with asymmetrical risk/reward are important because markets often price in average moves and do not anticipate how frequently extreme price moves can occur. We find these asymmetrical opportunities in beaten down stocks, long-term warrants and/or LEAPs, and companies with significant operating leverage. One day when the Fund is of the appropriate size, we may also find opportunities in purchasing credit default swaps on companies we want to short. In the brief history of the Fund, these characteristics (a concentrated portfolio and positions with asymmetrical risk/reward) explain the large volatility in the Fund's monthly returns. Most of this volatility has been to the positive, but there have been, and will be, times when the fund will be out of sync with the market. Please do not expect the Fund to produce steady returns; instead, we hope the Fund will produce a superior total return over the long-run.

Appendix D
Gator Financial Partners Operational Characteristics

Given the events of 2008 and the common criticisms of hedge funds (limited liquidity, opaque portfolios and self-administration), we have structured the Fund to be more investor-friendly than a typical hedge fund. The Fund does not employ lock-ups, there is monthly liquidity, and only 10 business days' notice is required to redeem investments at month-end. We disclose the entire portfolio to current investors upon request and to prospective investors prior to investment. The Fund has hired an independent auditor, Kaufman Rossin based in Miami, who specializes in hedge funds, to perform the Fund's annual audit. The Fund has also hired an independent third-party administrator, ALPS Fund Services, for fund accounting. As an additional financial control, we cannot authorize a release of money from the Fund's checking account at Wells Fargo unless ALPS also approves the withdrawal. We want to continue to improve the Fund's structure and terms to remain investor-friendly. If you have suggestions, please contact us.

We do offer separate accounts with a $5 million minimum. While we prefer investors to invest directly in the Fund, we will invest separate accounts *pari passu* with the Fund. The trade-off is that a separate account imposes a greater accounting and tax reporting burden on the client. Whether our investors come through the Fund or through a separate account, we feel strongly that the money is the investor's money, the investor has given us the privilege of managing their money, the investor has the right to know how their money is invested, and they have the right to access their money.