GATOR
CAPITAL MANAGEMENT

December 27, 2013

Dear Investors:

This is Gator Financial Partners, LLC's (the "Fund") 3rd Quarter 2013 investor letter. The Fund had below average performance in the 3rd Quarter. In this letter, I will briefly review performance during the quarter, share the investment thesis for a new position, and provide updates about the Fund's current net exposure and positioning by sub-sector.

Review of 3rd Quarter Performance

Gator Financial Partners had below average investment performance in the 3rd Quarter with a decline of 1.61%. Both the broader market and the Financials sector were higher during the quarter. The Fund's underperformance in the quarter was driven by several factors. First, long-held Virtus Investment Partners was down 7.7% in quarter as the company raised capital late in the quarter in order to seed new mutual fund products. I added to our position on the offering. Second, a trio of new long positions underperformed in the quarter. These were PennyMac Financial Services, Ambac and Trade Street Residential. I have continued to hold Ambac, but I have reduced the Fund's position in PennyMac and Trade Street. Last, the Fund's position in Zions Bancorporation warrants were down 22% in the quarter. This is a volatile position with high potential return. I suspect it will be a continued source of volatility in the Fund's returns in the coming years and will review the investment thesis in the 4th Quarter letter. I continue to hold this position in the Fund.

	2013 Q3	2013 YTD	Total Return Since Inception	Annualized Return Since Inception
Gator Financial Partners, LLC	-1.61%	21.95%	417.72%	36.78%
S&P 500 Total Return Index[1]	5.25%	19.79%	47.69%	7.71%
SPDR Financial Select Sector ETF	2.83%	22.90%	12.26%	2.23%

[1] The market index shown has been selected for purposes of comparing the performance of an investment in the 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 Financial Select Sector SPDR® Fund (XLF) is an exchanged traded fund designed to track the financial stocks in the S&P 500 Index. Gator Financial Partners, LLC consists of securities which vary significantly from those in the benchmark indexes listed above. Accordingly, comparing results shown to those of such indexes may be of limited use.

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.

Investment Thesis on a New Position

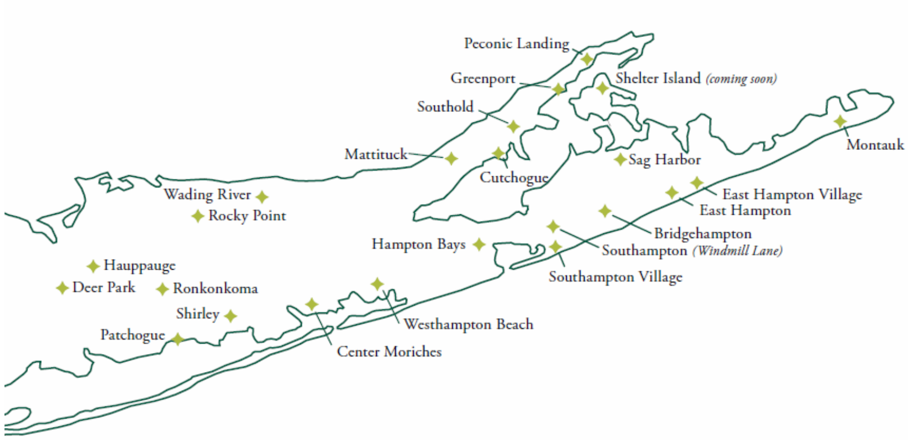
Bridge Bancorp (NASDAQ: BDGE)

I started building a position in Bridge Bancorp ("Bridge" or "BDGE") in the Fund late in the third quarter and added to it in early October. Bridge is a small bank on the eastern end of Long Island. Since 2008 when current management joined the bank, the bank's organic deposit and loan growth has been strong, but the bank has faced the headwinds of low interest rates and a flat yield curve. As a consequence, the bank's earnings per share has remained relatively flat, and the price-to-book multiple of the stock has contracted.

Bridge's above-average organic growth is likely to continue as it expands west towards New York City. At 1.6x price-to-book, we did not have to pay a premium for its above average growth. Once Bridge's net interest margin stops compressing, earnings should grow nicely as the benefit of deposit and loan growth drops to the bottom line. The detailed investment thesis follows.

Investment Thesis:

1. **BDGE has had strong growth in loans and deposits since 2008 when current management joined the bank –** Annually, the bank has grown deposits per share 12.0% and loans per share 8.7% since the current CEO, Kevin O'Conner, was appointed to his position in 2008. Using deposits per share and loans per share accounts for shares that the company has issued for acquisitions. There have been several sources of growth for BDGE: fallout from banking consolidation on Long Island, organic growth from building new branches, and hiring pro-active branch managers who actually go out of the branches to get new business.
2. **CEO worked at high growth and high return bank North Fork –** O'Conner work at North Fork from 1992 to 2007 and was an EVP and Treasurer when the bank was sold to Capital One. During this time, he was involved in strategic decisions regarding the bank's balance sheet, de novo branching, and acquisitions. North Fork was known as a bank with high returns on capital and was one of the few banks able to grow loans and deposits organically.
3. **CEO has hired several former North Fork executives and branch managers –** O'Conner has hired several executives and branch managers who he worked with at North Fork. This makes sense since he knows these people and their work product. It also makes sense, since he is using a similar operating philosophy to his former employer.
4. **Ample opportunity to grow organically as the bank opens branches closer to NYC –** BDGE is headquartered in Bridgehampton, NY. Its 23 existing branches are located on the eastern half of Long Island. With the acquisition of FNBNY Bancorp, BDGE picks up its first two branches in Nassau County. BDGE has plenty of opportunity to grow its deposit franchise organically as it approaches New York City. The bank will benefit from the more dense deposit markets of Nassau, King and Queens Counties. Here's a map of the bank's branches as of the beginning of 2013:



5. **Growth has been masked by margin compression –** BDGE's organic growth has been masked by net interest margin compression. The net interest margin has declined from 4.67% in the first quarter of 2008 to 3.21% in the third quarter of 2013. The margin compression has offset great volume growth over the last six years. When BDGE's net interest margin stabilizes, the growth rate of the bank will show up in the earnings growth.
6. **Valuation has compressed with flat stock price –** BDGE has seen its Price-to-Tangible Book (P/TB) ratio compress as the stock price has been flat over the last 5+ years. When O'Conner took over as CEO, the P/TB ratio was above 3x. When I purchased shares for the Fund, the bank's P/TB ratio had declined to 1.6x. Comparing BDGE to other high growth banks such as SBNY, PB, TCBI & BOFI, the 1.6x multiple is attractive.
7. **Earnings are leveraged to higher interest rates –** With its strong deposit franchise, BDGE will see margin expansion in a rising rate environment. I believe BDGE will not have to raise rates to retain deposits, and they will be able to earn higher yields on loans and securities.
8. **Moderate investment portfolio –** Based on my analysis of the bank's financial statements and my meeting with the bank's CEO, I believe the bank has not overly extended their investment securities portfolio. They are reinvesting maturing securities into loans or short duration investment securities. This defensive positioning will help the bank in a rising rate environment.
9. **Developing a track record of shareholder-friendly acquisitions –** BDGE's current management has made two acquisitions since 2008 and both have been priced well from a BDGE shareholder perspective.
    a. **Hampton State Bank –** BDGE announced the acquisition of Hampton State Bank in February 2011. They paid 136% of tangible book value or a 4.4% deposit premium. The stock issued in the deal was less than 5% of BDGE outstanding shares.
    b. **FNBNY Bancorp –** BDGE announced the acquisition of FNBNY Bancorp in September 2013. They paid $5 million which was basically the cost of the land and buildings for the three branches. After marking FNBNY's loan portfolio, BDGE paid close to tangible book for this acquisition.
10. **BDGE has a natural acquirer in former North Fork CEO's new bank –** John Kanas, the former CEO of North Fork Bank, runs BankUnited, which is a Florida-based bank. BankUnited has a stated goal of growing its presence in the NYC metro area. I believe it makes sense for

BankUnited to eventually acquire BDGE for its Long Island presence. BDGE is in markets Kanas knows well. Several of his former employees work at BDGE and presumably would fit into the culture at BankUnited. BankUnited has already acquired Herald National Bank in NYC. Herald was run by Randy Nielsen, who sold Reliance Bancorp to Kanas at North Fork in 1999. Nielsen was the lead independent director on the North Fork Board of Directors from 2000 to 2006. In November, Nielsen joined the Board of BDGE.

Risks:

1. **Persistent low interest rates –** BDGE's earning will continue to be pressured if rates stay at the current low levels for an extended period of time.
2. **High dividend limits capital flexibility –** BDGE pays a high percentage of its earnings out as dividends. The dividend rate was set by previous management and current management doesn't want to upset the shareholder base by cutting the dividend. The high payout rate limits management's flexibility.
3. **Banking industry is becoming more competitive –** The commercial banking industry is becoming more competitive as technology enables banks to handle additional customers at low marginal costs.
4. **Strong banking industry deposit growth trend may reverse –** Recently, the banking industry has had strong deposit growth. BDGE has benefitted from this strong deposit growth. As short-term interest rates rise, money market funds will become more competitive with bank deposits, so BDGE may see deposit growth slow in a rising rate environment.

Portfolio Analysis

Below are the Fund's largest common equity long and short positions. All data is as of September 30, 2013.

Largest Common Equity Positions

Long	Short
Genworth	Cohen & Steers
Virtus Investment	Blackrock
Zions Bancorporation	Peoples Bank - CT
Hartford	UMB Financial
Morgan Stanley	Westamerica

From this list, I 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 September 30th:

	Long	*Short*	*Net*
Alt Asset Managers	9.2%	0.0%	9.2%
Asset Managers	7.2%	-3.0%	4.2%
Banks (large)	24.2%	-9.9%	14.4%
Banks (small)	11.4%	-14.7%	-3.4%
Broker-Dealers	4.7%	0.0%	4.7%
Exchanges	0.0%	0.0%	0.0%
Life Insurance	10.6%	-0.3%	10.3%
Non-Bank Lenders	7.7%	0.0%	7.7%
P&C Insurance	3.4%	-1.7%	1.7%
Processors	0.0%	0.0%	0.0%
Real Estate	3.9%	-2.9%	1.0%
Index Hedges	0.0%	-32.3%	-32.3%
Non-Financials	0.4%	0.0%	0.4%
Common Equity-only	82.6%	-64.8%	17.8%

The Fund's gross common exposure is 147% and its net exposure is 18%. Ninety-six percent of the Fund's positions are in finance-related companies. The main non-finance related positions are the positions in Kinder Morgan and Inergy, which control general partners for their respective MLPs and are included in the Alternative Asset Manager sub-sector in the table above. From this table, I exclude fixed income instruments such as preferred stock. Preferred stock positions account for an additional 6% of the portfolio.

Organizational Changes

In the 3rd Quarter of 2013, I hired Lee Kronzon as a Portfolio Manager. Lee is going to manage a long-only SMID cap portfolio for Gator. Lee and I worked together at Goldman Sachs Asset Management for five years. He impressed me with his investment analysis when we worked together. I believe he will demonstrate his investment skill to others through the management of his new portfolio. Lee will focus solely on managing his portfolio. I will continue to make all of the investment decisions for the Fund. I expect Lee to be a strong addition to the investment team.

Conclusion

The Fund's performance was below average in the 3rd Quarter of 2013. I am looking forward to 2014. Thank you for entrusting me with a portion of your wealth. I remain the Fund's largest investor with over 80% of my liquid net worth invested in the Fund.

As always, I am 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

Appendix A

Additional Disclaimers and Notes to 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 2013 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 the 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 and 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 the 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 here including, without limitation, the manner or type of any Gator Capital investment.

GATOR CAPITAL MANAGEMENT

Gator Financial Partners, LLC

Derek Pilecki, CFA
Portfolio Manager

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	8.26%	3.97%	4.11%	3.80%	5.89%	(3.78%)	2.70%	(3.51%)	(0.71%)	-	-	-	21.95%
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%)

Net of fees. Past Performance is not indicative of future results.

Fund Overview

Gator Financial Partners, LLC is a long/short equity hedge fund focused on the Financial sector. The Fund is run with +/-25% 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 bottoms-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 2,000-plus publicly traded companies in the Financial 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.

Fund Structure

Fund Description	Long/Short Equity Financials
Date Launched	July 1, 2008
Contributions	Monthly
Organization	Delaware LLC
Management Fee	1%
Incentive Allocation	20%
High Water Mark	Yes

Fund AUM[1]	$19.0 million
Strategy AUM	$25.8 million
Firm AUM	$39.9 million
Redemptions	Monthly, no lock-up
Minimum Investment	$100,000

Performance Statistics

	GFP	S&P 500[2]	XLF
Avg. Monthly Return	2.98%	0.76%	0.57%
Highest Monthly Return	22.60%	10.93%	21.76%
Lowest Monthly Return	(21.90%)	(16.80%)	(26.17%)
Monthly Comp. Return	2.64%	0.62%	0.18%
Ann. Comp. Return	36.78%	7.71%	2.23%
Cumulative Return	417.72%	47.69%	12.26%
Profitable Percentage	65.1%	65.1%	57.1%
Max Drawdown	(28.92%)	(42.62%)	(63.89%)

Quantitative Statistics

	GFP	S&P 500	XLF
Annualized Return	36.78%	7.71%	2.23%
Standard Deviation	28.66%	18.10%	30.12%
Sharpe Ratio	1.16	0.41	0.09
Sortino Ratio	2.04	0.58	0.10
Downside Deviation	15.50%	12.85%	21.73%

Correlation to Benchmark

	S&P 500	XLF
Alpha (annualized)	36.5%	39.9%
Beta	0.457	0.240
R^2	0.083	0.064

[1] "Fund AUM" is defined as assets under management in Gator Financial Partners, LLC. "Strategy AUM" is defined as assets under management (both in the Fund and in SMAs) using the same investment strategy as Gator Financial Partners, LLC. "Firm AUM" is defined as all assets under management by Gator Capital Management, LLC.

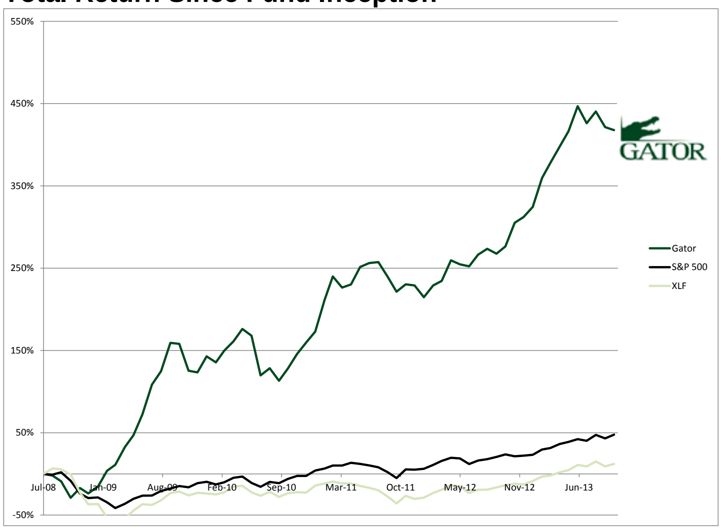
[2] The market indices shown have been selected for purposes of comparing the performance of an investment in the Gator Financial Partners, LLC with certain well-known equity benchmarks. The statistical data regarding the indices has been obtained from Bloomberg and the returns are calculated assuming 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 Capital strategies. 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. 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. An investment cannot be made directly in an index. The Financial Select Sector SPDR® Fund (XLF) is an exchanged traded fund designed to track the financial stocks in the S&P 500 Index. Gator Financial Partners, LLC consists of securities which vary significantly from those in the benchmark indexes listed above. Accordingly, comparing results shown to those of such indexes may be of limited use. The source of the index and XLF price data is Bloomberg.

Gator Financial Partners, LLC

Service Providers

Fund Administrator	Cortland Fund Services
Prime Broker	Interactive Brokers Jefferies
Legal Counsel	Davis Gillett Mottern & Sims Shumaker Loop
Auditor	Kaufman Rossin

Total Return Since Fund Inception



Disclaimer

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Portfolio Manager Biography

Derek Pilecki, CFA

In 2008, Derek Pilecki founded Gator Capital Management. At Gator, Pilecki has the ultimate responsibility for all investment decisions. He manages a long/short equity hedge fund focused on the Financials sector.

From 2002 through 2008, Pilecki was a member of the Goldman Sachs Asset Management (GSAM) Growth Equity Team, which had AUM of $28 billion. While at GSAM, Pilecki was the co-Chair of the Investment Committee for the Growth Team and was a Portfolio Manager. He was also a member of the portfolio management team responsible for the Goldman Sachs Capital Growth Fund, and provided primary analyst coverage of the Financial sector for the Growth Team.

Prior to GSAM, Pilecki was an Analyst at Clover Capital Management in Rochester, NY and Burridge Growth Partners in Chicago, IL and covered the Financial sector at both firms. Before entering graduate school, Pilecki worked at Fannie Mae providing interest rate risk analysis for the company's mortgage investment portfolio.

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

Risk Management

Initial Position Size – L/S	2-4% / 1-2%
Maximum Position Size	10% at cost
Gross Exposure Target	Less than 200%
Net Exposure Target	+/- 25%
# of Positions – L/S	30-50 / 30-50

The Fund's advisor is registered with the SEC as a Registered Investment Advisor.[3]

Pilecki's largest personal asset is his investment in the Fund and comprises 50% of his net worth.

[3] This does not denote any special skill by the advisor nor any status conferred by the registering entity.

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Appendix C
Review of the Gator Financial Partners Strategy and Goals

The Fund is a long/short equity fund focused on the Financials sector. I use bottoms-up fundamental analysis to make investments and build the portfolio, one stock at a time. I attempt to own (or go long) undervalued securities and sell short securities that are overvalued. I generally keep the Fund close to market neutral (+/- 25% net exposure) because I 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 Financials, 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 companies with significant (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 Financials 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: "I swing for the fences when I believe the odds are in my favor.") I run the Fund with a concentrated portfolio for several reasons. I believe a concentrated portfolio creates discipline in weeding out bad ideas. Another benefit of a concentrated portfolio is a focus on 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 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 I will be out of sync with the market. Please do not expect the Fund to produce steady returns; instead, I 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); I 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. I disclose the entire portfolio to current investors upon request and to prospective investors prior to investment. The Fund has hired independent auditors, Kaufman Rossin based in Miami, who specialize in hedge funds for the Fund's annual audit. The Fund has also hired an independent third-party administrator, Cortland Fund Services based in Chicago, for fund accounting. As an additional financial control, I cannot authorize a release of money from the Fund's checking account at JP Morgan unless Cortland also approves the withdrawal. I want to continue to improve the Fund's structure and terms to remain investor friendly. If you have suggestions, please contact me.

I do offer separate accounts with a $5 million minimum. While I prefer investors to invest directly in the Fund, I 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 my investors come through the Fund or through a separate account, I feel strongly that the money is the investor's money, the investor has given me 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.