GATOR
CAPITAL MANAGEMENT

February 15, 2022

Dear Gator Financial Partners:

We are pleased to provide you with Gator Financial Partners, LLC's (the "Fund" or "GFP") Q4 2021 investor letter. This letter reviews the Fund's fourth quarter, the Fund's 2021 investment performance, and our investment thesis in Enact Holdings and Genworth Financial.

Review of Q4 2021 and 2021 Performance

For the fourth quarter of 2021, the Fund outperformed the Financials sector benchmark while lagging the broader market. Long positions in Jackson National, PennyMac Financial Services, and First Internet Bancorp were top contributors to performance. The largest detractors were long positions in Kingstone Companies and OneMain Financial, along with a short position in American Express.

For 2021, the Fund's top contributors were long positions in Navient, Jackson National, First Bancorp Puerto Rico, OFG Bancorp, and Western Alliance Bancorp. The leading detractors were long positions in Fannie Mae preferreds and Credit Suisse, and short positions in American Express, Lending Club, and Lakeland Financial.

	Q4 2021	2021 YTD	Total Return Since Inception[1]	Annualized Return Since Gator's Inception[1]
Gator Financial Partners, LLC[2]	6.94%	23.86%	1,301.73%	21.60%
S&P 500 Total Return Index[3]	11.03%	28.71%	391.60%	12.52%
S&P 1500 Financials Index[3]	4.77%	34.55%	225.40%	9.13%

Source: Gator Capital Management & Bloomberg

What If Interest Rates Don't Meaningfully Increase

We believe the Fund's portfolio will benefit from higher interest rates. The Fund's bank stocks will earn higher revenue as interest rates increase, and most of this higher revenue will drop to the banks' bottom line as they will not have additional costs. We think this is well-known and is reflected in the outperformance of Financials sector stocks so far in 2022.

[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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Although higher interest rates will benefit the Fund's portfolio, we are making sure that the Fund is not simply a bet on higher rates. We have several large holdings with inexpensive valuations and catalysts unrelated to higher interest rates. Here are examples:

1) Victory Capital (VCTR) is an asset manager making attractive acquisitions of smaller asset managers, trading at 6x earnings, and returning capital to shareholders through increased dividends and share repurchases.
2) Realogy (RLGY), the parent company of Coldwell Banker, trades at 4x EBITDA, and announced a share repurchase program equal to 15% of the company's market capitalization.
3) PennyMac Financial Services (PFSI), a well-run mortgage bank, trades at 4x earnings, less than 1x tangible book value, and has repurchased 24% of its shares in the last 18 months.
4) Ambac (AMBC) has its lawsuit against Countrywide/Bank of America scheduled for September, 2022 which we expect will result in a large cash infusion to the company.

We recognize the possibility that the market is too aggressive in its forecast of interest rate hikes. As a result, to offset that potential outcome, we have these and other significant holdings with different potential catalysts in the Fund's portfolio.

Enact Holdings (ACT) & Genworth Financial (GNW)

We own positions in both Enact Holdings and its parent company, Genworth Financial. Enact is one of six mortgage insurance companies. Mortgage insurance is purchased by borrowers to protect lenders if the borrower defaults on their mortgage. The government mortgage agencies ("GSEs") require mortgage insurance when the borrower has a down payment of less than 20% of the home's purchase price. Usually, first-time homeowners are the largest users of mortgage insurance since they often have the most difficult time accumulating enough savings for a 20% down payment. We believe the demand for mortgage insurance will be strong, but the mortgage insurance companies' stocks are priced as though future earnings will not grow.

Here are our investment theses on Enact Holdings and Genworth Financial:

Enact Holdings

1. **Ignored stock –** Enact's stock is ignored because of its low float. Enact held an initial public offering in September 2021. Genworth retained ownership of 81.6% of Enact's shares. 9% was sold in a private placement to another money manager, so only 10% of Enact's shares are free to trade by public investors. This prevents larger investors from taking a significant position in Enact.

2. **Low valuation –** Enact trades for 85% of tangible book value and 6x earnings. It is the least expensive stock of the publicly traded mortgage insurers, and we believe the entire group is cheap. The valuations are especially attractive given there are likely very few losses in their existing portfolios, and mortgage insurers have used strong underwriting criteria since the Great Financial Crisis ("GFC").

3. **Strong housing market –** The Millennial Generation is in their peak home-buying years. We believe insurance volume will be robust for all mortgage insurers. Strong housing prices mean that the existing portfolios of the mortgage insurers will experience low losses.

4. **Dividends in the near future –** We expect Enact to begin paying dividends to shareholders in late 2022. Because Enact generates more capital than it needs for growth, we believe Enact's board will set the dividend payout rate at 40% of earnings. This would translate to a stock yield of about 6%, which we think will be attractive to potential shareholders.

5. **Parent oversight –** Genworth owns 81.6% of Enact stock, and we believe there are benefits from Genworth's oversight of Enact. As the only cash-flowing asset owned by Genworth, we think Genworth will encourage Enact to pay dividends to shareholders. Although we don't expect Enact management to make any poor acquisitions, we believe Genworth serves as an effective blocker of any poor capital management decisions. We acknowledge that Genworth limited their control over Enact by reducing the number of Board seats they control, but we think Enact's board is aware of Genworth's preferences for significant capital return through dividends.

6. **Industry growth –** The mortgage insurance industry is growing between 6-10% annually. With rising home prices, borrowers will have an even tougher time accumulating money for a down payment, so they will turn to mortgage insurance. Also, the Millennial generation is at its peak years for buying a first home. First-time home buyers are the largest users of mortgage insurance. We believe the mortgage insurance industry will continue to enjoy strong volume growth in the coming years.

Other stock market investors see risks to Enact's shares:

1. **Price competition –** Some investors point to the potential price competition among mortgage insurance companies. Mortgage lenders choose the mortgage insurer for a borrower. The mortgage insurance industry is very price competitive. Recently, mortgage insurers have been disciplined in their pricing, and we believe investors will react favorably as pricing shows more stabilization this year.

2. **Risk to home price declines –** We believe many investors still have fresh visions of home price declines from 2006 to 2010 in their minds. Although home prices have increased substantially, we think the current housing market is fundamentally stronger than 15 years ago.

   Our two main reasons for this constructive view of the housing market are as follows:

   1) Almost 100% of current mortgages were underwritten with fully documented loans.
   2) We have a shortage of homes because we did not build enough houses in the 12 years since the Great Financial Crisis. We don't believe home prices are at-risk in the near-term. We hold this view despite the potential for higher interest rates.

3. **Potential spin-off from Genworth –** Many investors are concerned about pressure on Enact's share price if Genworth distributes its Enact shares to Genworth shareholders. We are not concerned about this possibility because Genworth needs to retain its Enact shares to get the

tax-sharing payments from Enact. Genworth has accumulated tax losses and files a consolidated tax return with Enact, so when Enact accrues for taxes and sends that money to Genworth, Genworth can keep the cash because of its past losses.

Genworth Financial

We also own shares of Enact's parent company Genworth Financial. We think Genworth is more attractive than Enact. Here is our investment thesis on Genworth:

1. **Leveraged return on Enact –** Genworth's main asset is the 132 million shares of Enact it still holds. Genworth also has about $1 billion of net debt at its holding company, so it is a leveraged version of Enact. If Enact stock increases in value, Genworth should increase a greater percentage due to the leverage at Genworth's holding company.

2. **Two other assets held –** Genworth has two other assets that we believe are not reflected in Genworth's stock price. Currently, Genworth trades for approximately the value of its stake in Enact less its net debt. The two other assets Genworth owns are:

    a. Tax-sharing arrangement – Genworth has a tax-sharing arrangement with its subsidiaries. Since Genworth has past losses, it does not pay federal income taxes. Regulators allow Genworth's subsidiaries to send tax payments to the holding company for liabilities created by the subsidiaries' current income. However, the holding company can retain these cash tax payments because it has the tax shield from past losses. This tax-sharing arrangement allows Genworth to get cash out of the subsidiaries without asking regulators to allow dividend payments. In 2021, Genworth received $375 million in tax-sharing payments from its subsidiaries. We conservatively estimate Genworth could receive $200 million per year for the next five years. This amount would equal $2 per share, which is significant considering Genworth's stock is only priced at $4.

    b. Life insurance subsidiary – Genworth also owns a life insurance subsidiary. The life insurance subsidiary is a large company on its own, but we assign zero value to this subsidiary because of potential losses in its long-term care insurance business. However, we observe that Genworth's management team has done a very good job raising rates on its long-term care policies to counteract increasing policy costs. There is some possibility that 10 years from now, management's actions could salvage some value from this subsidiary. If this subsidiary has any value, it could be so large that it would be meaningful to the stock price. For example, if the subsidiary is eventually worth half of its current $11 billion of book value (or $5.5 billion) then this subsidiary could be worth almost $11 per share. This potential scenario is far down the road, so currently we conservatively assign zero value to this asset in our valuation of Genworth.

3. **Share repurchases on the horizon –** We expect Genworth to begin repurchasing its shares during 2022. Genworth has paid down its holding company debt to its target level of $1 billion. As Genworth receives cash at its holding company from its tax-sharing arrangements with its subsidiaries and dividends from Enact, we believe Genworth will announce its intention to repurchase shares as early as the Q1 earnings announcement in early May. Since we believe

Genworth's shares are trading below intrinsic value due to the attractive valuation of Enact and Genworth's other two assets, we believe these potential share repurchases will create additional value.

4. **Optionality with Enact stake –** While most investors think Genworth will spin-off its stake in Enact, we think it is more likely that Genworth will buy-in the Enact shares. Genworth's financial position has improved rapidly in the last year. As Genworth uses its cash flow from the tax-sharing arrangements and dividends from Enact to repurchase its shares, we think a possible scenario is for Genworth's shares to outperform Enact's. Right now, we believe Genworth is cheap relative to Enact, but if this were to flip, where Genworth was relatively more expensive than Enact, we think it will make sense for Genworth to buy-in the Enact shares it sold in September 2021.

We believe Enact and Genworth are both interesting stocks at their current valuations. We believe Genworth has a higher upside due to being a leveraged version of Enact, and because of its other two assets to which the market is not assigning any value.

Portfolio Analysis

Largest Positions
Below are the Fund's five largest common equity long positions. All data is as of December 31st, 2021.

<u>Long</u>
Jackson National
First Bancorp PR
PennyMac Financial Services
OFG Bancorp
Navient

Sub-sector Weightings
Below is a table showing the Fund's positioning within the Financials sector[4] as of December 31st, 2021.

[4] "Financials sector" is defined as companies included in the Global Industry Classification System ("GICS") sectors 40 and 60, which contains financial and real estate companies.

	Long	Short	Net
Alt Asset Managers	0.00%	0.00%	0.00%
Capital Markets	8.21%	-0.70%	7.51%
Banks (large)	29.71%	-27.67%	2.04%
Banks (small)	32.70%	-17.95%	14.75%
P&C Insurance	17.58%	-0.53%	17.05%
Life Insurance	7.52%	0.00%	7.52%
Non-bank Lenders	17.85%	-1.46%	16.39%
Processors	0.00%	0.00%	0.00%
Real Estate	9.39%	-1.56%	7.83%
Exchanges	0.00%	0.00%	0.00%
Index Hedges	0.00%	0.00%	0.00%
Non-Financials	0.92%	0.00%	0.92%
Total	123.89%	-49.87%	74.01%

The Fund's gross exposure is 191.98%, and its net exposure is 74.01%. From this table, we exclude fixed income instruments such as preferred stock. Preferred stock positions account for an additional 14.37% of the portfolio.

Change in Fund Administrator

We have changed the Fund's 3rd Party Administrator from SS&C (f/k/a ALPS Investment Services) to Ultimus LeverPoint Fund Solutions. You have received an email from Ultimus to create a new login to their website to obtain your Fund related documents. We are expecting this change to improve service level. If you would like to discuss this change in more detail, please call the Fund's CFO, Erik Anderson, at (917) 684-0993.

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. Ultimus LeverPoint Fund Solutions, LLC, our administrator, is responsible for the distribution of this information and not its content.

General Disclaimer

By accepting this investment letter, you agree that you will not divulge any information contained herein to any other party. This letter and its contents are confidential and proprietary information of the Fund, and any reproduction of this information, in whole or in part, without the prior written consent of the Fund is prohibited.

The information contained in this letter reflects the opinions and projections of Gator Capital Management, LLC (the "General Partner") and its affiliates as of the date of publication, which are subject to change without notice at any time subsequent to the date of issue. All information provided is for informational purposes only and should not be deemed as investment advice or a recommendation to purchase or sell any specific security.

All performance results are based on the net asset value of the Fund. Net performance results are presented net of management fees, brokerage commissions, administrative expenses, and accrued performance allocation, as indicated, and include the reinvestment of all dividends, interest, and capital gains. The performance results represent Fund-level returns, and are not an estimate of any specific investor's actual performance, which may be materially different from such performance depending on numerous factors.

The market indices appearing in this letter have been selected for purposes of comparing the performance of an investment in the Fund with certain well-known equity benchmarks. The statistical data regarding the indices has been obtained from Bloomberg and the returns are calculated assuming all dividends are reinvested. The indices are not subject to any of the fees or expenses to which the funds are subject and may involve significantly less risk than the Fund. The Fund is not restricted to investing in those securities which comprise these indices, its performance may or may not correlate to these indices, and it should not be considered a proxy for these indices. The S&P 500 Total Return Index is a market cap weighted index of 500 widely held stocks often used as a proxy for the overall U.S. equity market. The S&P 1500 Financials Index is a market cap weighted index of financial stocks within the S&P 1500 Super Composite Index we used as a proxy for the Financials sector of the U.S. equity market. An investment cannot be made directly in either index. The Fund consists of securities which vary significantly from those in the benchmark indices listed above. Accordingly, comparing results shown to those of such indices may be of limited use.

Statements herein that reflect projections or expectations of future financial or economic performance of the Fund are forward-looking statements. Such "forward-looking" statements are based on various assumptions, which assumptions may not prove to be correct. Accordingly, there can be no assurance that such assumptions and statements will accurately predict future events or the Fund's actual performance. No representation or warranty can be given that the estimates, opinions, or assumptions made herein will prove to be accurate. Any projections and forward-looking statements included herein should be considered speculative and are qualified in their entirety by the information and risks disclosed in the Fund's Private Placement Memorandum. Actual results for any period may or may not approximate such forward-looking statements. You are advised to consult with your own independent tax and business advisors concerning the validity and reasonableness of any factual, accounting and tax assumptions. No representations or warranties whatsoever are made by the Fund, the General Partner, or any other person or entity as to the future profitability of the Fund or the results of making an investment in the Fund. Past performance is not a guarantee of future results.

The funds described herein are unregistered private investment funds commonly called "hedge funds" (each, a "Private Fund"). Private Funds, depending upon their investment objectives and strategies, may invest and trade in a variety of different markets, strategies and instruments (including securities, non-securities and derivatives) and are NOT subject to the same regulatory requirements as mutual funds, including requirements to provide certain periodic and standardized pricing and valuation information to investors. There are substantial risks in investing in a Private Fund (which also are applicable to the underlying Private Funds, if any, in which a Private Fund may invest). Prospective investors should note that:

- A Private Fund represents a speculative investment and involves a high degree of risk. Investors must have the financial ability, sophistication/experience, and willingness to bear the risks of an investment in a Private Fund. An investor could lose all or a substantial portion of his/her/its investment.
- An investment in a Private Fund is not suitable for all investors and should be discretionary capital set aside strictly for speculative purposes. Only qualified eligible investors may invest in a Private Fund.
- A Private Fund's prospectus or offering documents are not reviewed or approved by federal or state regulators and its privately placed interests are not federally, or state registered.
- An investment in a Private Fund may be illiquid and there are significant restrictions on transferring or redeeming interests in a Private Fund. There is no recognized secondary market for an investor's interest in a Private Fund and none is expected to develop. Substantial redemptions within a limited period of time could adversely affect the Private Fund.
- Certain portfolio assets of a Private Fund may be illiquid and without a readily ascertainable market value. The manager's/advisor's involvement in the valuation process creates a potential conflict of interest. Instances of mispriced portfolios, due to fraud or negligence, have occurred in the industry.
- A Private Fund may have little or no operating history or performance and may use performance information which may not reflect actual trading of the Private Fund and should be reviewed carefully. Investors should not place undue reliance on hypothetical, pro forma or predecessor performance.
- A Private Fund may trade in commodity interests, derivatives, and futures, both for hedging and speculative purposes, and may execute a substantial portion of trades on foreign exchanges, all of which could result in a substantial risk of loss. Commodities, derivatives, and futures prices may be highly volatile, may be difficult to accurately predict, carry specialized risks and can increase the risk of loss.
- A Private Fund's manager/advisor has total trading authority over a Private Fund. The death or disability of a key person, or their departure, may have a material adverse effect on a Private Fund.
- A Private Fund may use a single manager/advisor or employ a single strategy, which could mean a lack of diversification and higher risk. Alternatively, a Private Fund and its managers/advisors may rely on the trading expertise and experience of third-party managers or advisors, the identity of which may not be disclosed to investors, which may trade in a variety of different instruments and markets.
- A Private Fund may involve a complex tax structure, which should be reviewed carefully, and may involve structures or strategies that may cause delays in important financial and tax information being sent to investors.
- A Private Fund's fees and expenses, which may be substantial regardless of any positive return, will offset such Private Fund's trading profits. If a Private Fund's investments are not successful or are not sufficiently successful, these payments and expenses may, over a period of time, significantly reduce or deplete the net asset value of the Private Fund.

- A Private Fund and its managers/advisors and their affiliates may be subject to various potential and actual conflicts of interest.
- A Private Fund may employ investment techniques or measures aimed to reduce the risk of loss which may not be successful or fully successful.
- A Private Fund may employ leverage, including involving derivatives. Leverage presents specialized risks. The more leverage used, the more likely a substantial change in value may occur, either up or down.

The above summary is not a complete list of the risks, tax considerations and other important disclosures involved in investing in a Private Fund and is subject to the more complete disclosures in such Private Fund's offering documents, which must be reviewed carefully prior to making an investment.

Oakpoint Solutions, LLC, member FINRA, SIPC