MARRAM INVESTMENT MANAGEMENT LLC

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October 15, 2014

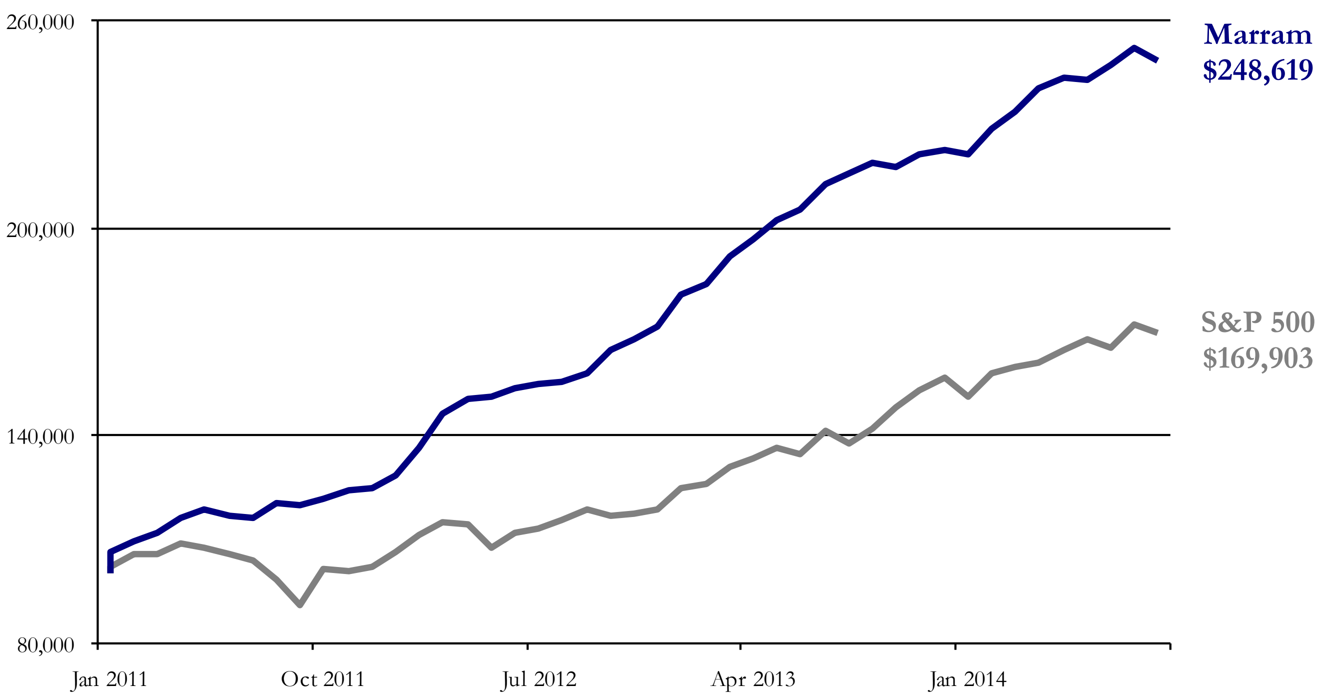
Dear Investors,

The Portfolio* appreciated +11.82% year-to-date 2014 (through 9/30/2014).

During this same period, the S&P 500 returned +8.34%.

For monthly details, please see Historical Performance Returns at the end of this letter.

$100,000 Investment in Marram* vs. S&P 500 (Inception to 9/30/2014)



QUARTERLY LETTER SECTIONS

- **Marram's Five Pillars** – constant reminder of "why" and "how" we invest capital
- **Portfolio Return Analysis** – analysis of performance returns for the quarter
- **Portfolio Allocations** – breakdown of our current capital allocation
- **Portfolio Future Positioning** – glimpse into our current thoughts on markets, asset prices, and/or how we are positioning the portfolio to maximize future compounding

MARRAM'S FIVE PILLARS

INVESTMENT GOAL:	• To Compound (Grow) Capital Over Time
INVESTMENT STRATEGY:	• Opportunistic Capital Allocation – employing patient opportunism, which entails the following philosophy…
INVESTMENT PHILOSHOPHY:	• Buy cheap assets (when available) • Hold cash where there are no cheap assets • Hedge the portfolio when appropriate • Think creatively and opportunistically
IMPLEMENTATION:	• Security Agnostic – seek vehicles, assets, & securities that best fit our needs (these include but are not limited to ETFs, equities, debt, derivatives, etc.), offer superior risk-reward, and if all else equal, lowest expense ratio, and greatest liquidity
RESULT:	• Absolute Returns • Wealth Compounding Solution

PORTFOLIO RETURN ANALYSIS

The Portfolio* returned +2.30% in the 3rd Quarter 2014 (vs. +1.13% for the S&P 500 during this same period). Below are a few statistics for the quarter:

- Number of winners (where we made $): 18
- Biggest $ winner accounted for 32.8% of total $ profit & loss ("P&L")
- Top 5 and Top 10 winners accounted for 97.9% and 127.9% of total $ P&L, respectively

- Number of losers (where we lost $): 9
- Biggest $ loser accounted for -11.9% of total $ P&L
- Top 5 and Top 9 losers accounted for -34.1% and -36.2% of total $ P&L, respectively

- **Ratio of number of winner to losers ("Brag Ratio"): 2.00x**
- **Ratio of $ profit to $ loss ("Profit Ratio"): 3.76x**

We seek to maximize the "Profit Ratio" (how much $ we make when we are right vs. wrong), not the "Brag Ratio" (how often we are right vs. wrong). This is because we are here to maximize $ profits over time, not boast about how often we are right.

Portfolio construction and sizing decisions helped our performance this quarter.

Our two biggest $ winners appreciated ~8% and ~10% during the 3rd Quarter and accounted for 32.8% and 23.0%, respectively, of total $ P&L.

- The first is a Special Situations / Event-Driven position sized at 10% of NAV which we briefly discussed in last quarter's letter. The Company generates significant amounts of free cash flow and has been actively buying back shares in the open market
- The second is a Large-Cap Financial sized at 5% of NAV. In fact, our entire Large-Cap Financials basket performed well during the 3rd Quarter. Our decision to shift more capital to large cap financials (increasing the allocation from 15% to 20% of NAV) in early May helped boost performance as these names remain resilient during volatile equity markets this quarter

Our two biggest $ loser declined ~13% and ~6% during the 3rd Quarter and accounted for -11.9% and -8.8%, respectively, of total $ P&L.

- The first is a timber REIT position within our Large Cap High Quality basket. The assets (trees) continue to grow organically while capex is extreme low cost (rain and sunshine are free). The Canadian pine beetle continues to consume supply which will take 15-20 years to replenish. We have taken advantage of the price decline and purchased additional shares for investor portfolios
- The second is a Micro-Cap Thrift in which a well-known thrift activist investor controls ~10% of total shares outstanding. The thrift is well-capitalized, operating at breakeven, and trades at ~55% of book value. October 2014 marks the one-year anniversary of its conversion, after which it becomes eligible to repurchase shares in the open market (with regulatory approval)

PORTFOLIO ALLOCATIONS

Below is the target portfolio allocation – what we believe to be the optimal allocation for the capital that we manage – as of the writing of this letter. Investor accounts may differ from this allocation due to changes in asset prices, available opportunities in the marketplace, and tax considerations.

- **Large-Cap High Quality:** 10% NAV
  Businesses with robust competitive advantages trading at ~5-10% earnings yield. Correlated with general equity market performance on the upside, while downside is usually less if/when markets decline. These securities are very liquid so we can convert this allocation to cash at anytime and redeploy into opportunities when markets reverse.

- **Large-Cap Financials:** 20% NAV
  Businesses with dominant market share trading at ~8-15% earnings yield. Fearful investors fled this area during and after 2008, and prices are still recovering. These businesses were the survivors, gaining market share, with profit margins that will greatly benefit if/when interest rates rise, and regulatory shaming abates.

- **Small/Micro-Cap Thrifts (with Catalyst):** 6% NAV
  Healthy thrifts generating 3-8% ROE, all are well-capitalized. We only purchase the ones trading at or below ~0.70x book value, and where activist investors are pressuring management to (1) cut costs, (2) buyback shares, (3) pay dividends, or (4) sell the business – providing catalysts for value realization. This is a "revolving" basket for which we buy thrifts that fit the above criteria, and sell them when they approach fair value (~0.9x book value)

- **Small/Micro-Cap Banks (without Catalyst):** 4.5% NAV
  Healthy banks trading below book value with 3-8% ROE that are well-capitalized and growing loans, assets, and equity bases via reinvestment of earnings (compounding). Earlier this year, we decided to decrease this allocation as risk/reward has shifted, and outlined our rationale in the 1st Quarter 2014 Letter

- **Special Situations/Event-Driven/Other:** 35% NAV
  Public securities undergoing spin-offs, recapitalizations, liquidations, certain debt instruments, etc. The share price performance of securities in this category are often not correlated with general market activity, but instead tied to the unique catalyst(s) embedded in each position.

- **Cash:** 24.5% NAV
  This category will fluctuate depending on opportunities available in the marketplace. If suitable opportunities cannot be found, we are comfortable holding the present or perhaps even greater levels of cash

PORTFOLIO FUTURE POSITIONING

As of the writing of this letter, equity markets have experienced substantial declines in October. We have been monitoring with keen interest the prices of a number of securities. Unfortunately, even with the recent market volatility, their prices have not fallen to levels at which we would be willing to purchase shares. Rest assured that we are ready with plenty of cash and liquidity to redeploy should prices reach our desired target levels.

Implementation Activity

Below are portfolio adjustments that we implemented over the last few quarters:

- Decreased our allocation to Small/Micro-Cap Banks as expected risk/return has shifted
- Decreased our allocation to Small/Micro-Cap Thrifts as a number of positions reached fair value
- Opportunistically increased our allocation to Large-Cap Financials in late-May 2014. Taking advantage of weak price performance in the sector earlier this year, we added to our diversified basket of market share dominant franchises facing negative headlines and continued regulatory scrutiny, trading at or below 1.0x book value, generating ~8-15% earnings yield. This decision has proved profitable as large-cap financials performed well despite volatility in overall equity markets in the 3rd Quarter
- Increased the liquidity profile of the target portfolio. Approximately 70% of the holdings now offer near immediate liquidity. This allows maximum flexibility, and minimizes friction costs and transition time when attempting to switch between investments. For more background on how we think about liquidity, please refer to the 2014 1st Quarter Letter

Exploration Activity

We have also been busy evaluating new investments, for example:

- We recently uncovered a London-listed timber closed end fund trading at a significant discount to NAV where the external timber asset manager has elected to accept warrants (in lieu of cash compensation) at strikes prices far higher than the current market price. The only problem is that it's difficult to buy because the security trades in lumpy blocks (or sometimes not at all) via auction four times/day in London which translates to 1am, 3am, 6am and 8:30am Pacific Time
- We are also monitoring an upcoming spin-off with spectacularly interesting incentives and greed-motivated maneuvering by insiders. The only piece of the puzzle missing is the price of the spin-off (to be revealed upon the first day of pro forma trading) which in turn will determine whether or not we purchase and/or how we size this security as a % of NAV

For every asset/security to which we ultimately allocate capital, there are numerous others on which we conducted diligence, attempted to purchase, and/or elected to pass – either because we didn't not like the dynamics of the business, we could not purchase enough shares, the price was not attractive, or a combination of the above.

"When there's nothing particularly clever to do, the potential pitfall lies in insisting on being clever."
–Howard Marks, The Most Important Thing

It's worth noting that the level of implementation and exploration activity does not automatically equate to positive results. Why? Because there isn't always an asset/security that's cheap to buy, expensive to sell, or in the words of Howard Marks something "particularly clever to do."

In investing, there will be periods when the best course of action involves patiently waiting for optimal prices and/or planted seeds to grow (via companies and assets generating cash flow & profits, repurchasing shares, reinvesting capital back into the business, or other market participants to research and eventually come to similar, or even more optimistic conclusions about hidden value) – all of which requires time to unfold.

These letters serve as a general medium through which we communicate with our investors. For any account specific questions, or anything else that's on your mind that you'd like to discuss, please do not hesitate to contact us directly.

Yours very truly,

Vivian Y. Chen, CFA
Portfolio Manager
Marram Investment Management LLC

APPENDIX: HISTORICAL PERFORMANCE RETURNS*

	2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Marram	**24.74%**	6.11%	3.39%	2.16%	3.62%	2.00%	-1.40%	-0.39%	3.52%	-0.66%	1.84%	1.81%	0.55%
S&P 500	**2.11%**	2.37%	3.43%	0.04%	2.96%	-1.13%	-1.67%	-2.03%	-5.43%	-7.03%	10.93%	-0.22%	1.02%
% Cash Exposure		*7.47%*	*11.92%*	*13.46%*	*15.42%*	*13.54%*	*30.64%*	*23.14%*	*21.93%*	*12.17%*	*11.78%*	*10.51%*	*7.95%*

	2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Marram	**37.35%**	3.12%	6.15%	7.05%	3.14%	0.54%	1.45%	0.59%	0.60%	1.46%	4.55%	1.63%	2.13%
S&P 500	**16.00%**	4.48%	4.32%	3.29%	-0.63%	-6.01%	4.12%	1.39%	2.25%	2.58%	-1.85%	0.58%	0.91%
% Cash Exposure		*9.69%*	*8.43%*	*11.20%*	*7.58%*	*10.57%*	*8.83%*	*16.43%*	*26.99%*	*22.73%*	*27.11%*	*25.32%*	*21.86%*

	2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Marram	**29.77%**	5.38%	1.80%	4.38%	2.48%	2.78%	1.63%	3.60%	1.42%	1.30%	-0.45%	1.80%	0.38%
S&P 500	**32.39%**	5.18%	1.36%	3.75%	1.93%	2.34%	-1.34%	5.09%	-2.90%	3.14%	4.60%	3.05%	2.53%
% Cash Exposure		*19.45%*	*17.58%*	*19.53%*	*17.45%*	*22.78%*	*16.78%*	*10.50%*	*6.81%*	*4.61%*	*4.87%*	*6.31%*	*9.02%*

	2014 YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Marram	**11.82%**	-0.41%	3.22%	2.27%	2.88%	1.14%	-0.07%	1.62%	2.11%	-1.41%	-	-	-
S&P 500	**8.34%**	-3.46%	4.57%	0.84%	0.74%	2.35%	2.07%	-1.38%	4.00%	-1.40%	-	-	-
% Cash Exposure		*7.88%*	*5.10%*	*9.45%*	*15.11%*	*15.07%*	*14.45%*	*19.95%*	*19.75%*	*18.36%*	-	-	-

* **Unaudited, gross return figure, before fees. Performance is derived from the portfolio manager's separate account. Returns for each separate account may differ due to fund transfer timing, order timing, tax considerations, and other account restrictions. Returns presented for S&P 500 include dividend reinvestment.**

Disclaimer: An investment is speculative and involves a high degree of risk. Past performance return is not a guarantee for future returns. Investors are urged to consult a professional advisor regarding the possible economic, tax, legal or other consequences of entering into any investments or transactions described herein.