

October 15, 2015

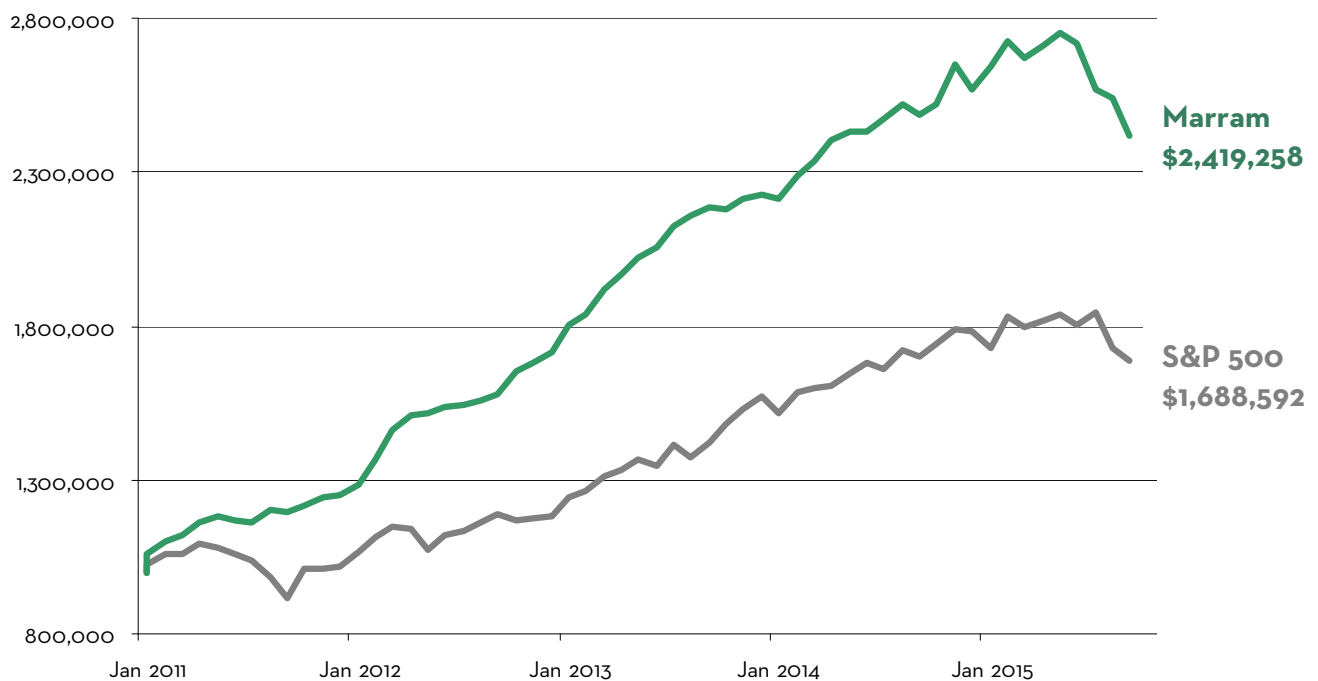
Dear Investors,

The Portfolio* returned -5.87% (gross return) year-to-date 2015 (through 9/30/15).

During this same period, the S&P 500 returned -5.29%.

For monthly details, see Historical Performance Returns at the end of this letter. Please refer to your account statement for net return figure.

\$1,000,000 Investment in Marram* vs. S&P 500 (Inception to 9/30/2015)



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:	<ul style="list-style-type: none">• To Compound (Grow) Capital Over Time
INVESTMENT STRATEGY:	<ul style="list-style-type: none">• Opportunistic Capital Allocation – employing patient opportunism, which entails the following philosophy...
INVESTMENT PHILOSOPHY:	<ul style="list-style-type: none">• Buy cheap assets (when available)• Hold cash where there are no cheap assets• Hedge the portfolio when appropriate• Think creatively and opportunistically
IMPLEMENTATION:	<ul style="list-style-type: none">• Security Agnostic – utilize vehicles, assets, & securities that best fit our needs (such as ETFs, equities, debt, derivatives, etc.), offer superior risk-reward, and if all else equal, lowest expense ratio & greatest liquidity
RESULT:	<ul style="list-style-type: none">• Wealth Compounding Solution

PORTFOLIO* RETURN ANALYSIS

	3Q 2015	YTD 2015
Marram Portfolio* (Gross Return)	-11.0%	-5.9%
S&P 500 Total Return	-6.4%	-5.3%
Number of winners (where we made \$)	2	10
Biggest \$ winner, as % of \$ P&L	1.2%	18.5%
Top 5 winners, as % of \$ P&L	1.8%	54.0%
Top 10 winners, as % of \$ P&L	NA	70.0%
Number of loser (where we lost \$)	19	14
Biggest \$ loser, as % of \$ P&L	-37.4%	-96.4%
Top 5 loser, as % of \$ P&L	-74.1%	-137.1%
Top 10 loser, as % of \$ P&L	-90.6%	-163.7%
Ratio of number of winners to losers ("Brag Ratio")	0.11x	0.71x
Ratio of \$ profit to \$ loss ("Profit Ratio")	0.02x	0.41x

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 it is possible to make \$ profits by being "right" less than 50% of the time (by upsizing your winners), just as it is possible to lose \$ capital by being "right" more than 50% of the time (by upsizing your losers). We seek to maximize \$ profits over time (thereby maximizing capital compounding), not boast about how often we are right.

Unfortunately, we have fallen short this quarter and year-to-date ("YTD"), as our profit ratio was lower than our brag ratio, dragged down by one large position. This position is Ashford Inc. (Ticker: AINC), which returned -29% YTD, -57% from its February highs, and accounted for -96.4% of total \$ P&L YTD. Excluding AINC, the portfolio remained resilient in the face of overall market volatility, approximately breakeven while the S&P 500 is down ~5% YTD.

Despite what AINC's recent price movement would imply, nothing adverse (operational or financial) has occurred to the business. We believe AINC's price is temporarily depressed and our investment thesis remains intact (see Case Study sections). We have been opportunistically adding to this position, and remain excited about its future prospects and return contribution to the portfolio.

Although unpleasant, short-term fluctuations are normal in the course of public market investing. It's important to look through the short-term price movements and focus on the long-term goal of capital compounding. With volatility often comes opportunity: we are well-positioned, and actively seeking to take advantage of lower-priced securities created by the recent market volatility.

PORTFOLIO ALLOCATIONS

Below is the target portfolio allocation – what we believe to be the optimal allocation as of the writing of this letter. Investor separate accounts may differ from this allocation due to changes in asset prices, available opportunities to acquire/divest securities in the marketplace, tax considerations, etc.

- **Special Situations/Event-Driven: 33% 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. Because “catalysts” are business decisions/events which take time to implement, and market participants require time to process the implications of these decisions/events, the timeframes necessary for securities to move from our purchase price to where we believe they are truly worth can range from months to multiple years, making for attractive but lumpy expected returns.
- **Large-Cap Financials: 24% 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. These securities are very liquid so we can convert this allocation to cash at anytime and redeploy into opportunities when markets reverse.
- **Large-Cap High Quality: 3% NAV**
Businesses with robust competitive advantages trading at ~5-10% earnings yield. These securities are very liquid so we can convert this allocation to cash at anytime and redeploy into opportunities when markets reverse. This allocation has decreased over the past year as prices appreciated, and risk/reward became less attractive. The only remaining position is Berkshire Hathaway.
- **Small/Micro-Cap Thrifts and Banks: 0% NAV**
Well-capitalized banks & thrifts trading below book value and generating 3-8% ROE. Last year, we decided to decrease this allocation as prices appreciated, shifting risk/reward. For more details on our rationale, please refer to the 2014 1st Quarter Letter. Certain older accounts have a higher % NAV allocation because we are patiently exiting two remaining names.
- **Cash: 40% 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

In our 2014 4th Quarter Letter, we foreshadowed the future:

“Over the past year, our portfolio has become increasingly concentrated. Top 5 and 10 positions now compose of 50.1% and 69.0% of NAV, respectively (versus 28.5% and 45.4% of NAV, respectively, at 4Q 2013). Our rationale for moving toward greater portfolio concentration is explained most eloquently by the following quote from Howard Marks:

‘...the ability to have a highly diversified portfolio of attractive securities changes from time to time, and we have to change with it. If you insist on having a highly diversified portfolio in periods when there aren’t many bargains around, then...you have to buy non-bargains, or very risky things.’

- Howard Marks, Interview with Portfolio Management Jar, June 2013

“Although we don’t have an inherent preference for portfolio concentration, the resulting consequence of sizing up a few positions is greater portfolio concentration...The impact of greater portfolio concentration is a higher likelihood of lumpy returns caused by price volatility across fewer positions...We anticipate the ride will get bumpier going forward...”

The performance lumps predicted in the words above have manifested in recent months. Yet we remain unfazed by the recent short-term volatility. Why? Because our investment decisions are driven by our long-term process, not by short-term outcome.

Process Over Outcome

A few years ago, we read the following passage in a book by James Montier and it has greatly influenced our investment approach given its simple yet profound implications:

“Paul DePodesta of the San Diego Padres and Moneyball fame relates the following story on playing blackjack:

‘On one particular hand the player was dealt 17 with his first two cards. The dealer was set to deal the next set of cards and passed right over the player until he stopped her, saying: ‘Dealer, I want to hit!’ She paused, almost feeling sorry for him, and said, ‘Sir, are you sure?’ He said yes, and the dealer dealt the card. Sure enough, it was a four.

The place went crazy, high fives all around, everybody hootin’ and hollerin’, and you know what the dealer said? The dealer looked at the player, and with total sincerity, said: ‘Nice hit.’ I thought, ‘Nice hit? Maybe it was a nice hit for the casino, but it was a horrible hit for the player! The decision isn’t justified just because it worked...’

The fact of the matter is that all casino games have a winning process – the odds are stacked in the favor of the house. That doesn’t mean they win every single hand or every roll of the dice, but they do win more often than not. Don’t misunderstand me – the casino is absolutely concerned about outcomes. However, their approach to securing a good outcome is a laser like focus on process...

	Good Outcome	Bad Outcome
Good Process	Deserved Success	Bad Break
Bad Process	Dumb Luck	Poetic Justice

Here's the rub: it's incredibly difficult to look in the mirror after a victory, any victory, and admit that you were lucky. If you fail to make that admission, however, the bad process will continue and the good outcome that occurred once will elude you in the future. Quite frankly, this is one of the things that makes Billy Beane as good as he is. He's quick to notice good luck embedded in a good outcome, and he refuses to pat himself on the back for it...'

...the similarities with investment are blindingly obvious. We are an industry that is obsessed with outcomes over which we have no direct control. However, we can and do control the process by which we invest. This is what we should focus upon. The management of return is impossible...but process is the one thing that we can exert influence over...

In investing, in the short-term, one can only control one's investment process, very rarely the outcome. In the long-term, the outcome (performance) is the result of one's investment process. Therefore we focus our efforts on what we can control - our process."

We agree with Montier, and believe that focusing on long-term investment process (what we can control) rather than short-term outcome/performance (what we cannot control), is the best method to compound wealth over time. Our recent short-term performance lumps has not changed our undivided focus on the investment process. For example, we have been:

- Continuously checking and re-checking the thesis for each investment given the release of new information and market price
- Continuously measuring the merit and sizing of each investment against other portfolio holdings, and also against other new/better opportunities available in the marketplace
- Continuously searching for new/better investment opportunities in the marketplace

Patience is the last crucial component of a "process over outcome" investment approach. Currently, many of our investment positions have embedded catalysts, which are simply decisions and actions made by individuals involved with these businesses (such as management, board of directors, activist investors, etc). Business decisions and actions require time to implement. It also takes time for other market participants to process the implications of these decisions and actions. Timeframes can range from months to multiple years.

We have very little control over the expected timeframes necessary for the effects of embedded catalysts to manifest, and for when prices will move from our purchase prices to where we believe they are truly worth. However, we believe that with a sound investment process and patience, the outcome (long-term performance returns) will unfold favorably.

UPDATED CASE STUDY – ASHFORD INC. (TICKER: AINC)

Congruent with our focus on investment process, we have been continuously checking and re-checking our thesis for Ashford Inc. (Ticker: AINC), a large position that has been dragging down performance YTD.

AINC was featured as the Case Study in our 2014 4th Quarter Letter (see Appendix A), in which we described it as “an apt example of a security with high expected return and low likelihood of [long-term] downside volatility, but a fair amount of potential [short-term] downside volatility, made much more apparent by its large sizing within the portfolio...”

Before reading any further, we recommend that you read the original case study on AINC (see Appendix A) and familiarize yourself with the original thesis. In the following exhibit, we provide an update to the major components of our original thesis and discuss the impact of relevant information / developments over the last three quarters. As you will see, all components of our original thesis remains intact – nothing adverse (operational or financial) has occurred to the business. In fact, recent developments have strengthened our thesis.

ORIGINAL THESIS	UPDATE
High margin business with tremendous operating leverage (i.e., they won't incur much additional expenses as revenues grow).	AINC recently purchased a real estate property manager, Remington (see "Remington Acquisition" discussion below), a business with similar attractive operating margins.
Management & insiders interests aligned with shareholders via high share ownership at ~30% total shares outstanding.	Pro forma for the Remington acquisition, management and insiders will own ~3.7mm shares, or ~70% of fully diluted total shares outstanding ¹ ("TSO"). Of these shares, 300,000 options have a strike price of \$86, and 1.9mm shares are only issuable/convertible at \$120/share. Management and insiders are well-incentivized to drive the share price higher in order to derive economic value from their ownership.
Downside protection provided by consistent source of revenue and contracts with embedded termination clauses. For a more detailed explanation, please refer to the Original Case Study in Appendix A.	One of AINC's REIT clients (Ticker: AHP) recently announced strategic alternatives – a sale would trigger the termination clause. A research analyst at Canaccord Genuity estimated that upon sale, the termination fee receivable by AINC would equate to ~\$110mm. The same research analyst estimated that the termination fee from AINC's other REIT client (Ticker: AHT) would be an additional ~\$360mm. Total estimated value of terminations fees is ~\$470mm. For comparison, AINC's current market cap is ~\$230mm today ² . Our downside remains well-protected with very low likelihood of any permanent loss.
Attractive valuation: estimated downside \$47-54/share vs. upside of \$200-350/share.	Pro forma for the Remington acquisition, estimated downside \$97-120/share vs. upside of \$140-230/share. For a more detailed explanation on this math, see "What AINC Is Worth" discussion below.

Notes:

1. Pro forma for Remington acquisition; includes all unvested restricted stock, under-water options, deferred comp and convertible shares yet to be issued.
2. Market cap calculation does not include shares issuable for bonds convertible at \$120/share since the price is only \$66.25 today.

Remington Acquisition

So why then did the stock price declined so precipitously? The answer: fear of equity dilution from a potential acquisition of Remington, a property management company built and majority-owned by Monty Bennett (the current CEO of AINC) and his father Archie Bennett.

Our recent performance lumps were the direct result of negative overreaction by other market participants to this perceived risk of dilution. However, in the face of short-term volatility (what we cannot control), we continued to focus on our investment process (what we can control) by seeking tangible and crucial facts, such as these below:

During a February 2015 earnings conference call, the CEO stated:

"...any [Remington] transaction would probably involve Ashford Inc. issuing shares and therefore ceding more voting control to myself and my father as part of a transaction. Well, that gets...30-35% ownership in a group, then there's all kinds of rules in Delaware law about implied control..."

Text within a 13D SEC filing on June 10, 2015:

"...the current Remington Proposal contemplates that a subsidiary of the Issuer would issue securities to the Reporting Person or his affiliates and the other Remington seller [Monty Bennett et al.]...in exchange for the significant and controlling equity interests of Remington, which may under certain circumstances be convertible into shares of Common Stock."

Unlike the market, we believed that the Delaware implied control laws (related to acquisition premiums) effectively limited AINC's ability to issue a massive amount of dilutive equity shares to Monty Bennett and his father for the acquisition of Remington at the current market price.

The June 10th SEC regulatory filing bolstered our belief that a Remington deal would likely occur with a convertible provision at a higher price in the future. These "out-of-the-money" shares would not count toward implied control today, but can be converted into economic and voting interests at a later date.

We were correct: on September 18, 2015, AINC announced the acquisition of Remington. Of the ~\$300mm total deal consideration, \$230mm (77% of the total deal) was paid by AINC in the form of a bond convertible at \$120/share, a 85% premium to the pre-deal announcement closing price of ~\$65/share. The Remington deal structure (1) contained very little dilution at today's price, and (2) effectively meant the largest insider and CEO, Monty Bennett, is willing to purchase shares in the combined AINC-Remington entity at \$120/share - nearly twice the current market price!

Our unwavering focus on investment process (and diligent research) provided us with the courage of conviction to disagree with other market participants on the extent of possible dilution, and to opportunistically take advantage of their exaggerated fear by continuing to purchase shares of AINC at what we believe to be temporarily-deflated bargain prices.

What AINC Is Worth

Our estimated valuation of AINC depends on three main variables:

1. EBITDA, a measure of profitability. According to the latest disclosure on September 15, 2015 by the Company, this figure is ~\$45mm/year pro forma for the Remington acquisition.
2. Total shares outstanding, which will range between 3.4-5.3mm shares. Why such a wide range? Remember, bonds worth \$230mm were issued for Remington, and are convertible into 1.9mm shares at \$120. But these shares won't be converted/issued unless AINC's price reaches \$120/share.
3. Market valuation multiple - this figure is driven by a variety of considerations, such as the business profit quality, overall market sentiment for the business and industry, market comparables, etc. We believe that a 10-12x multiple is quite conservative for a low capex business with high operating leverage and contract termination clauses. On the upper end, comparable asset management businesses have traded as high as 20x.

Our conservative "stress test" valuation estimate for AINC:

\$30-45mm EBITDA (at a range below the EBITDA disclosed by AINC)

(x) 10-12x multiple

(=) \$300-540mm

(+) ~\$30mm of net cash on balance sheet

(=) ~\$330-570mm estimated equity valuation

(÷) ~3.4mm shares outstanding (does not include 1.9mm shares issuable at \$120/share)

(=) ~\$97-168 per share (however, above \$120/share the share count will start to increase due to issuance of new shares for the Remington convertible bond, therefore we adjust the upper end of this range)

(=) ~\$97-120 per share (conservative estimate), ~46-81% return from today's price of \$66.25

Notice, the estimated value of total contract termination fees is ~\$470mm (see exhibit on previous page), which collaborates with the estimation of AINC in the conservative scenario shown above.

Sensitivity Analysis - Conservative Estimate:

		Annual EBITDA (in \$ millions)					
		\$30	\$35	\$40	\$45	\$50	\$55
10x		\$97	\$112	\$126	\$141	\$156	\$171
12x		\$115	\$132	\$150	\$168	\$185	\$203
14x		\$132	\$153	\$174	\$194	\$215	\$235
16x		\$150	\$174	\$197	\$221	\$244	\$268
18x		\$168	\$194	\$221	\$247	\$274	\$300
20x		\$185	\$215	\$244	\$274	\$303	\$332

		Implied % Downside / Upside vs. \$ Price Today (\$66.25)					
		\$30	\$35	\$40	\$45	\$50	\$55
10x		47%	69%	91%	113%	135%	157%
12x		73%	100%	126%	153%	180%	206%
14x		100%	131%	162%	193%	224%	255%
16x		126%	162%	197%	233%	268%	304%
18x		153%	193%	233%	273%	313%	353%
20x		180%	224%	268%	313%	357%	402%

Our upside “operating leverage” valuation estimate for AINC:

\$45-60mm EBITDA (at a range above the EBITDA disclosed by AINC)

(x) 16-20x multiple

(=) \$720-1,200mm

(+) ~\$30mm of net cash on balance sheet

(=) ~\$750-1,230mm estimated equity valuation

(÷) ~5.3mm shares outstanding (includes 1.9mm shares issuable at \$120/share)

(=) ~\$142-232 per share (upside estimate), ~114-250% return from today's price of \$66.25

Sensitivity Analysis – Upside Estimate:

		Annual EBITDA (in \$ millions)					
		\$45	\$50	\$55	\$60	\$65	\$70
10x		\$91	\$100	\$109	\$119	\$128	\$138
12x		\$108	\$119	\$130	\$142	\$153	\$164
14x		\$125	\$138	\$151	\$164	\$177	\$191
16x		\$142	\$157	\$172	\$187	\$202	\$217
18x		\$158	\$175	\$192	\$209	\$226	\$243
20x		\$175	\$194	\$213	\$232	\$251	\$270

		Implied % Downside / Upside vs. \$ Price Today (\$66.25)					
		\$45	\$50	\$55	\$60	\$65	\$70
10x		37%	51%	65%	79%	94%	108%
12x		62%	79%	97%	114%	131%	148%
14x		88%	108%	128%	148%	168%	188%
16x		114%	136%	159%	182%	205%	228%
18x		139%	165%	190%	216%	242%	267%
20x		165%	193%	222%	250%	279%	307%

Comparing the figures above with the valuation in our original case study, you'll notice that AINC's acquisition of Remington decreased our downside risk by contributing incremental EBITDA. However, this EBITDA contribution came at the cost of less upside potential (due to the issuance of additional shares at/above \$120). Nevertheless, AINC remains an extremely attractive investment with very low likelihood of capital loss, while providing substantial upside (~2 to 3+ times the current trading price of \$66.25).

To avoid any possibility of anchoring bias (i.e., “pot commitment” for those who play poker), we constantly ask ourselves: “If we did not already own AINC today, would we purchase AINC for the portfolio given the current set of facts and figures?” The answer, in this case, is a resounding YES!

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 A: ORIGINAL CASE STUDY – 2014 4th QUARTER LETTER

The security is a spin-off that came to market in early November [2014]. We backed up the truck and were able to build a significant position at ~\$60/share. Over the next two weeks, the shares rallied to over \$130/share, and currently [early Jan 2015] trades for ~\$100/share. We believe there remains significant upside from today's price.

Background

Spin Co is a REIT asset manager that earns management fees (based on the enterprise value of assets which it manages) and incentive fees (based on the outperformance of assets which it manages vs. peers) – a high margin business with tremendous operating leverage (i.e., they won't incur much additional expenses as revenues grow).

But it was not the quality of the business that piqued our interest in this particular spin-off. Reading through the ~200 page spin prospectus, we noticed a small paragraph disclosing how the Chairman and Chairman Emeritus of the Parent Co intended to transfer ~\$18mm of deferred compensation from the Parent Co into the Spin Co.

This ~\$18mm figure seemed rather trivial until further reading revealed that the deferred compensation would be converted into shares of Spin Co based on a \$50-70mm valuation provided by two investment banks retained by Parent Co. Quick math: ~\$18mm deferred comp would equate to ~30% of total Spin Co shares!

What Spin Co Is Worth

Spin Co's revenues are derived from 20-year asset management contracts with Parent Co (a ~\$3.5Bn market cap company) and another publicly-traded company affiliated with the Parent Co. Spin Co makes an estimated ~\$11 million EBIT annually and was funded with ~\$30mm of net cash on the balance sheet.

Our extremely conservative estimated value of Spin Co:

\$11mm EBIT, which includes many non-recurring incentive compensation items, so the true cash EBIT is likely far higher once non-recurring line items are added back. However, at this juncture, the exact breakdowns are unclear based upon regulatory filings

(x) 10-12x multiple (at the lower range of where comparable public asset managers trade)

(=) ~\$110-132mm

(+) ~\$30mm of net cash on balance sheet

(=) ~\$140-162mm equity valuation

(÷) ~3mm total shares outstanding

(=) ~\$47-54 per share for an extremely conservative estimated value of Spin Co

The above conservative valuation is supported by termination clauses within Spin Co's asset management contracts which provide a significant degree of downside protection. These clauses stipulate that upon early termination, Spin Co will be entitled to an amount equal to "1.1 multiplied by the greater of:

- (i) 12 times [Spin Co's] net earnings...
- (ii) the earnings multiple (based on net earnings after taxes) for [Spin Co's] common stock for the 12 months preceding...multiplied by [Spin Co's] net earnings...
- (iii) the simple average of the earnings multiples (based on net earnings after taxes) for [the] common stock for each of the three fiscal years...multiplied by...net earnings"

"attributable to the...advisory agreement" in the 12 months preceding the termination PLUS an additional "gross-up amount for assumed federal and state tax liability, based on an assumed tax rate of 40%. The termination fee will not be subject to any maximum amount or other limitation."

In other words, if Spin Co ever traded below ~12x its "net earnings attributable to the...advisory agreement," one would actually hope for the contract(s) to be terminated so that Spin Co could receive the amount(s) as determined by the termination clause(s)!

Now that we've established what we believe Spin Co is worth in a worst case scenario, let's move on to a more pleasant topic: upside. We believe Spin Co is worth as much as \$200-350+/share depending on two major variables:

- Annual EBIT - as more light is shed on non-recurring incentive compensation figures in the coming months via updated regulatory filings and earnings calls, a true annual EBIT figure will emerge. How much higher will this figure be than the previously disclosed ~\$11mm/year - is it \$20mm, \$30mm or \$50mm? The answer to this question is the key to our upside thesis
- Market valuation multiple - this figure is driven by a variety of considerations, such as the business profit quality, overall market sentiment for the business and industry, market comparables, etc. We believe that 10x multiple is not an unreasonable multiple for a low capex business with high operating leverage. Additionally, the termination clauses discussed above places a ~12x multiple floor on Spin Co valuation

In the sensitivity matrix below, we've provided the implied future price for Spin Co given different scenarios for these two variables (based on the math outlined on the previous page). Green areas signify all scenarios under which the implied future price is higher than today's market price.

		Annual Spin Co EBIT (in \$ millions)								
		\$10	\$15	\$20	\$25	\$30	\$35	\$40	\$45	\$50
Valuation Multiple	10x	\$43	\$60	\$77	\$93	\$110	\$127	\$143	\$160	\$177
	12x	\$50	\$70	\$90	\$110	\$130	\$150	\$170	\$190	\$210
	14x	\$57	\$80	\$103	\$127	\$150	\$173	\$197	\$220	\$243
	16x	\$63	\$90	\$117	\$143	\$170	\$197	\$223	\$250	\$277
	18x	\$70	\$100	\$130	\$160	\$190	\$220	\$250	\$280	\$310
	20x	\$77	\$110	\$143	\$177	\$210	\$243	\$277	\$310	\$343

Why Spin Co Is Undervalued

Our thesis that Spin Co is undervalued stems from our belief that Spin Co's current (and future) annual EBIT figure is far higher than the ~\$11mm per year provided in the spin prospectus.

We believe that management of Parent Co did not do a very good job of clarifying the non-recurring expenses included within Spin Co's EBIT figure, which depressed the value of Spin Co as it came to market (management certainly was not incentivized to do so since the deferred compensation then converted into a greater % of Spin Co shares). Additionally, given the high operating leverage nature of the business model, we believe there are many levers available to boost Spin Co profitability that had yet to be pulled.

Our hypothesis has thus far been partially validated as Parent Co and Spin Co have announced a number of developments in December and January that will boost Spin Co profitability. These include:

- Parent Co raising a new Real Estate hedge fund on which Spin Co will be investment adviser
- Parent Co purchased ~\$300mm of new assets = ~ \$2.1mm additional revenue to Spin Co
- Parent Co and another affiliate refinanced debt with ~\$100mm excess balance sheet proceeds = ~\$0.7mm additional revenue for Spin Co

Developments such as these will likely continue to occur in 2015 because the companies that Spin Co advises have plenty of deal working capital to deploy. There is going to be a great deal of information discovery to come. A potential catalyst: Spin Co will be announcing its first stand-alone earnings at the end of February.

Post-spin, despite receiving ~30% of Spin Co through their deferred compensation conversion, the Chairman and Chairman Emeritus continued to purchase shares in the open market at prices as high as \$130/share. This is yet another data point in triangulating the upside potential of this security.

Although exact upside valuation is difficult to pinpoint, we are comfortable making Spin Co our second largest position given the degree of downside protection as well as insider incentives.

APPENDIX B: HISTORICAL PERFORMANCE RETURNS*

	2011	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%
<i>% Cash Exposure</i>		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	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%
<i>% Cash Exposure</i>		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	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%
<i>% Cash Exposure</i>		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	2014											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Marram	15.60%	-0.41%	3.22%	2.27%	2.88%	1.14%	-0.07%	1.62%	2.11%	-1.41%	1.49%	5.11%	-3.09%
S&P 500	13.69%	-3.46%	4.57%	0.84%	0.74%	2.35%	2.07%	-1.38%	4.00%	-1.40%	2.44%	2.69%	-0.25%
<i>% Cash Exposure</i>		7.88%	5.10%	9.45%	15.11%	15.07%	14.45%	19.95%	19.75%	18.36%	17.31%	11.06%	15.97%
	2015 YTD	2015											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Marram	-5.87%	2.83%	3.22%	-2.13%	1.45%	1.50%	-1.09%	-5.53%	-1.00%	-4.88%	-	-	-
S&P 500	-5.29%	-3.00%	5.75%	-1.58%	0.96%	1.29%	-1.94%	2.10%	-6.03%	-2.47%	-	-	-
<i>% Cash Exposure</i>		16.21%	14.84%	14.86%	13.04%	14.78%	30.75%	31.10%	29.26%	31.14%	-	-	-

* Unaudited, gross return figure, before fees. Performance is derived from the portfolio manager's separate account which does not pay management or performance fees. This separate account most accurately reflects the long-term investment strategy of Marram Investment Management. Remaining separate accounts were purposefully omitted as they may deviate from the strategy due to fee structure, trading expenses, fund transfer timing, order timing, tax considerations, and other account restrictions. Returns for each separate account may differ. Please refer to your account statements for net return figure.

Returns presented for S&P 500 include dividend reinvestment. While the S&P 500 is a well-known and widely recognized index, the index has not been selected to represent an appropriate benchmark for Marram's investment strategy whose holdings, performance and volatility may differ significantly from the securities that comprise the index. Investors cannot invest directly in an index (although one can invest in an index fund designed to closely track such index).

Historical performance is not indicative of future results. An investment is speculative and involves a high degree of risk and possible loss of principal capital. All information presented herein is for informational purposes only. No investor or prospective investor should assume that any such discussion serves as the receipt of personalized advice from Marram. 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.

Specific companies or securities shown are meant to demonstrate Marram's investment style and the types of companies, industries and instruments in which we invest, and are not selected based on past performance. The analyses and conclusions include certain statements, assumptions, estimates and projections that reflect various assumptions by Marram concerning anticipated results that are inherently subject to significant economic, competitive, and other uncertainties and contingencies, and have been included solely for illustrative purposes. No representations, express or implied, are made as to the accuracy or completeness of such statements, assumptions, estimates or projections, or with respect to any other materials herein.