

January 15, 2016

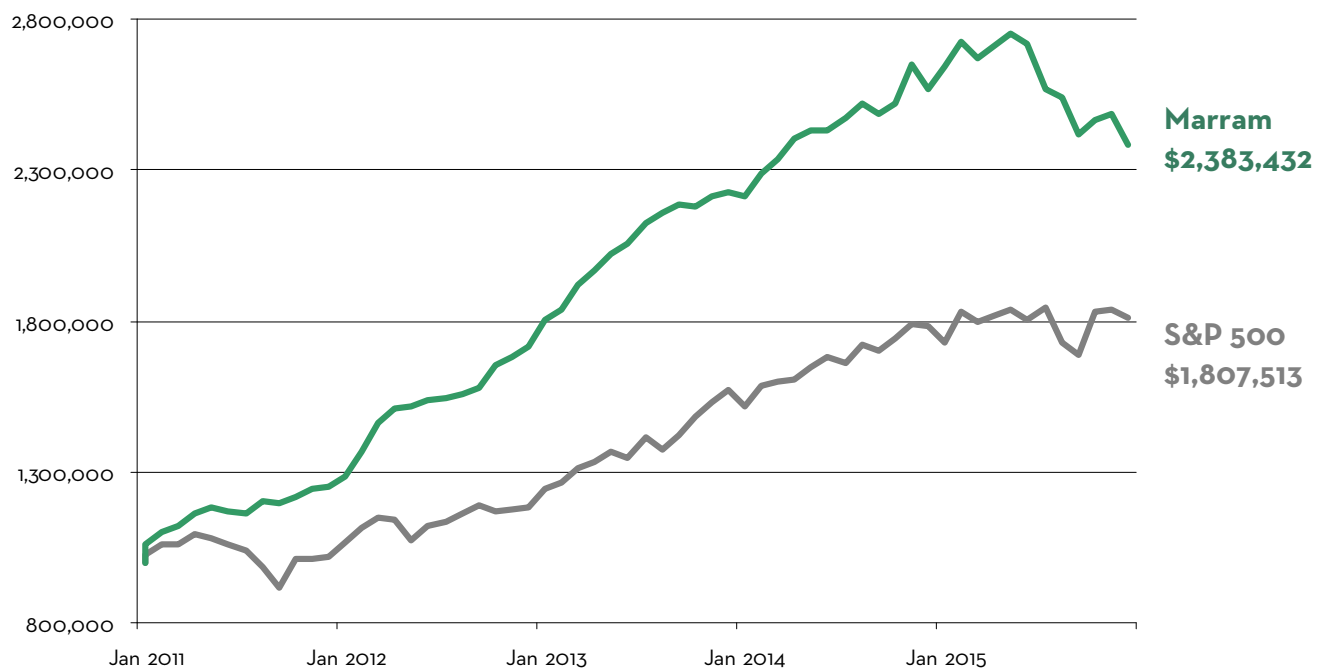
Dear Investors,

The Portfolio* returned -7.26% (gross return) in 2015.

During this same period, the S&P 500 returned +1.38%.

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 12/31/2015)



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

	4Q 2015	2015
Marram Portfolio* (Gross Return)	-1.5%	-7.3%
S&P 500 Total Return	7.0%	1.4%
Number of winners (where we made \$)	14	13
Biggest \$ winner, as % of \$ P&L	28.3%	13.2%
Top 5 winners, as % of \$ P&L	105.1%	42.5%
Top 10 winners, as % of \$ P&L	141.7%	56.6%
Number of loser (where we lost \$)	8	13
Biggest \$ loser, as % of \$ P&L	-177.0%	-111.8%
Top 5 loser, as % of \$ P&L	-243.6%	-141.8%
Top 10 loser, as % of \$ P&L	-249.3%	-156.4%
Ratio of number of winners to losers ("Brag Ratio")	1.75x	1.00x
Ratio of \$ profit to \$ loss ("Profit Ratio")	0.60x	0.37x

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). Unfortunately, we have fallen short this year as our Profit Ratio was lower than our Brag Ratio, dragged down by Ashford Inc. (Ticker: AINC), our largest position, which accounted for -111.8% of total \$ P&L. Despite what AINC's 2015 price performance would imply, nothing adverse (operational or financial) has occurred to the business. Please see last quarter's letter for a detailed discussion on AINC.

Excluding AINC, our performance would have been positive for 2015, and our Profit Ratio and Brag Ratio would have been 1.25x and 1.08x, respectively. Below are descriptions of other major portfolio winners and losers in 2015:

Other Top \$ Winners

- Small/Micro-Cap Banks & Thrifts: five names in this category contributed positively to performance (28% of total \$ P&L) as valuations continued to move toward book value. Higher prices have shifted risk/reward and we are no longer adequately compensated for the inherent illiquidity risk embedded within these names. Therefore, our thesis behind the small/micro-cap banks and thrifts has reached its final curtain, and we are in the process of patiently selling our last small bank position.
- Kingsway Return of Capital 5% Note (KSP.UN), a Special Situation debt security, accounted for 9% of total \$ P&L as it reached maturity on June 30th and was redeemed by the company at par value of \$CAD25.00 / share. We first began to purchase KSP.UN in Dec 2013 at \$CAD19.51 /share. Although the depreciating Canadian Dollar took a chunk out of the \$USD total return (especially for those accounts without margin capabilities that were unable to hedge out the \$CAD exposure), this position remained a profitable investment with minimal incurred risk.

Other Top \$ Loser:

- Kingsway Equity & Warrants (Tickers: KFS & KFSYF) accounted for -14% of 2015 \$ P&L. The auto insurance business continues to generate positive ROE and utilize its previously accumulated NOLs. Management has planted various diversifying seeds in other business lines for future upside. KFS recently announced a share buyback plan to purchase up to 5% of its total shares outstanding, and has been actively repurchasing shares in the open market. The CEO and CFO have also been consistently purchasing shares in the open market for their personal accounts. Management is well-incentivized and aligned with shareholders to create long-term upside with 10-year vesting restricted stock. We continue to attempt to transition our exposure from straight equity into Kingsway's long-dated warrants (please see our 2015 1st Quarter Letter for the rationale behind this structure).
- Large-Cap Banks & Large-Cap High Quality accounted for -12% of 2015 \$ P&L. These companies continue to generate positive ROE, which is then either reinvested back into business growth, used to repurchase shares, or pay shareholder dividends. We have shifted a portion of this exposure into long-dated TARP Warrants (when available and cheaply priced, more on this in a future letter; the rationale is similar to our switch from Kingsway equity into warrants, see above) and believe the underlying valuation combined with the warrant structuring methodology presents a compelling risk-adjusted opportunity. The equity prices of these companies are greatly correlated with general equity markets and prices can move sharply with 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, margin & trading capabilities, tax considerations, etc.

- Special Situations/Event-Driven: 36% 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: 25% 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. During 2015, we have transitioned much of our equity exposure into TARP warrants (when available and cheaply priced). 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

This allocation has decreased over the past year as prices appreciated, and risk/reward became less attractive. The only remaining position is Berkshire Hathaway, a holding company with a diversified collection of competitively robust businesses collectively earning ~10-15% ROE. It currently trades for ~1.2x book value, netting us 8-12% earnings yield. The security is very liquid so we can convert this allocation to cash at anytime and redeploy into opportunities when markets reverse.

- 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 slightly higher % NAV allocation because we are patiently exiting one remaining name.

- Cash: 36% NAV

This category will fluctuate depending on opportunities available in the marketplace. There is a chance our cash balance may decline in the near future as we prepare to deploy cash into attractive opportunities that are now emerging in the marketplace. See next section “Portfolio Future Positioning” for more details.

PORTFOLIO FUTURE POSITIONING

For many years now, we have endured an environment in which the prices of nearly all securities and asset classes flew at expensive all-time highs. Since our investment philosophy and process dictates that we only invest in cheaply priced assets/securities (which are rarities in a frothy environment), we made only a few investments in the few cheaply-priced assets that we were able to locate. We then made those few investments count by sizing them up within the portfolio.

This led to an increasingly concentrated portfolio. For example, at the end of 2013, we had 40 positions vs. 17 at the end of 2015. Although we don’t have an inherent preference for portfolio concentration, the resulting consequence of sizing up a few investments is greater portfolio concentration, and the impact of greater portfolio concentration is a higher likelihood of lumpy returns caused by price volatility across fewer positions.

Our 2015 results demonstrated the manifestation of those “lumpy returns” on the downside. However, this short-term outcome was not wholly unexpected given the level of portfolio concentration (for the reasons explained above). As long-term outcome-oriented investors, we must resist the urge to fixate on short-term distractions, and focus on our original goal.

The short-term outcome of this past year has not changed our investment philosophy or strategy. We remain unwaveringly committed to patient opportunism, focused on our long-term process rather than the short-term outcome. This will be important in the coming years, especially if the public

markets become increasingly volatile and unstable. Our process is our lighthouse through storms when prices fall precipitously and all may seem bleak, allowing us to capitalize on low-priced bargains brought about by the fear-driven selling of other market participants.

In fact, public market prices are finally beginning to move downward, especially within certain areas such as energy-related, yield-oriented, or broken growth stories. Master Limited Partnerships (MLPs) have been particularly hard hit as these companies sit within the intersection of those three factors, and many names within the MLP space have declined 50% or more over the last 6 months.

In 2016, we have already initiated a new investment of respectable size in the general partner of a shipping MLP, and have determined the prices at which we are willing to purchase a number of other MLP general partners – we need prices to fall another ~15-20%. If that occurs, we will own a basket of cheaply-priced energy infrastructure assets diversified across many geographic regions and types of energy products. Keep your fingers crossed that the turmoil drives prices down further!

As we look forward into 2016 and beyond, we are more excited about the future return prospects of the portfolio than we have been in many years. Not only do we have a few fantastic existing investments already within the portfolio, we have plenty of dry powder in the form of cash and liquidity (which we have thanks to our patient opportunism investment approach) to take advantage of the bargains that are finally beginning to emerge in the public markets.

With careful diligence, gumption (to resist the contagion of fear oozing from other market participants), and patience (to allow for planted portfolio investment seeds to grow over time), we will benefit tremendously and emerge favorably in the coming years.

Other

For those with questions about macro topics such as oil, interest rates, China, and the economy, we highly recommend a recent memo titled “On The Couch” from Howard Marks of Oaktree Capital Management (a firm managing over \$100Bn mainly for international sovereign wealth funds, large public pensions, etc.) in which he discusses all those topics with thoughtful detail and perceptive rationality. It is available for free on Oaktree’s website: www.oaktreecapital.com/insights/howard-marks-memos

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	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	2015											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Marram	-7.26%	2.83%	3.22%	-2.13%	1.45%	1.50%	-1.09%	-5.53%	-1.00%	-4.88%	1.96%	0.86%	-4.20%
S&P 500	1.38%	-3.00%	5.75%	-1.58%	0.96%	1.29%	-1.94%	2.10%	-6.03%	-2.47%	8.44%	0.30%	-1.58%
<i>% Cash Exposure</i>		16.21%	14.84%	14.86%	13.04%	14.78%	30.75%	31.10%	29.26%	31.14%	31.90%	30.39%	34.83%

* 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, margin & trading capabilities, 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.