

July 15, 2017

Dear Investors,

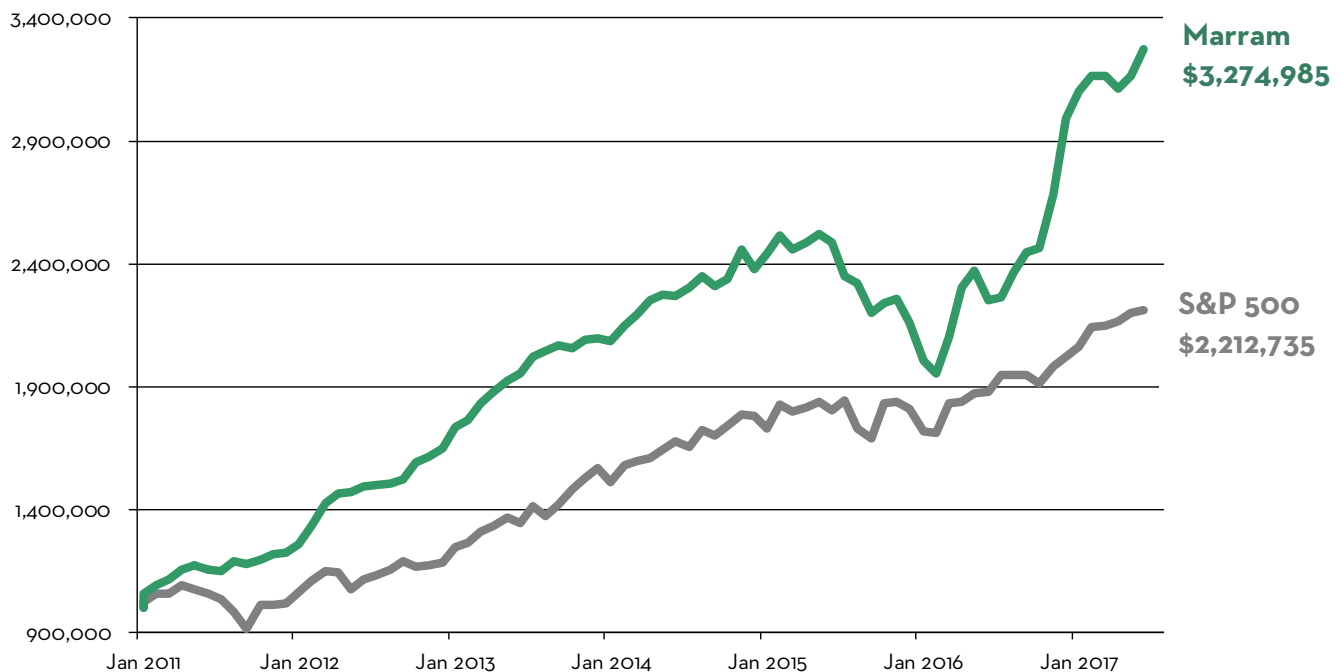
The Portfolio\* returned +9.46% (net return) year-to-date in 2017 (through 6/30/17).

During this same period, the S&P 500 returned +9.34%.

Since inception, Marram has generated +227.50% total return and +20.02% annualized return, net of fees, versus +121.27% and +13.00% for the S&P 500, respectively.

For monthly details, see Historical Performance Returns\* at the end of this letter. Also, please refer to your separate account statement for exact account return figures.

\$1,000,000 Investment in Marram vs. S&P 500 (Net Return, Inception to 6/30/17)\*



## ABOUT MARRAM

Marram is an outsourced long-term investment solution focused on growing wealth for retirement or legacy purposes. We began as a service for a small circle of friends and family. Our investor friendly fee structure (lower than most hedge funds), terms (separate accounts, no lock-up), and high standards of care and excellence, reflect those origins. Our portfolio manager has the majority of her family's net worth invested in the same strategy - we eat our own cooking - ensuring that we shepherd your investment with the utmost care, as we would our own.

<b>OUR GOAL:</b>	<ul style="list-style-type: none"><li>• To compound (grow) capital over time</li></ul>
<b>PHILOSOPHY:</b>	<ul style="list-style-type: none"><li>• Patient Opportunism</li></ul>
<b>STRATEGY:</b>	<ul style="list-style-type: none"><li>• Buy cheap assets (when available)</li><li>• Hold cash when there are no cheap assets</li><li>• Hedge the portfolio when appropriate</li><li>• Think opportunistically and creatively</li></ul>
<b>IMPLEMENTATION METHOD:</b>	<ul style="list-style-type: none"><li>• Utilize any security or asset that offers superior risk-reward, with a preference for liquidity</li></ul>
<b>RESULT:</b>	<ul style="list-style-type: none"><li>• Outsourced wealth compounding solution for investors whose primary goal is to grow money over time</li></ul>

## PORTFOLIO RETURN ANALYSIS \* †

	1Q 2017	2Q 2017	YTD 2017
<b>Marram Portfolio* (Net Return)</b>	<b>5.7%</b>	<b>3.6%</b>	<b>9.5%</b>
S&P 500 Total Return	6.1%	3.1%	9.3%
Number of winners (where we made \$)	17	15	14
Biggest \$ winner, as % of \$ P&L	49.9%	96.7%	50.7%
Top 5 winners, as % of \$ P&L	113.8%	170.9%	113.2%
Top 10 winners, as % of \$ P&L	121.6%	182.0%	119.4%
Number of losers (where we lost \$)	9	11	12
Biggest \$ loser, as % of \$ P&L	-9.1%	-35.9%	-7.6%
Top 5 losers, as % of \$ P&L	-24.4%	-75.3%	-15.6%
Top 10 losers, as % of \$ P&L	-26.7%	-83.3%	-20.2%
Ratio of number of winners to losers ("Brag Ratio")	1.89x	1.36x	1.17x
<b>Ratio of \$ profit to \$ loss ("Profit Ratio")</b>	<b>4.74x</b>	<b>2.19x</b>	<b>5.82x</b>

The Portfolio\* returned +3.60% (net) vs. +3.09% for the S&P 500 during the 2<sup>nd</sup> Quarter of 2017.

Our largest performance contributors this quarter were two Special Situation positions that generated 97% and 52% of this quarter's P&L. Our largest performance detractor this quarter was our Master Limited Partnership (MLP) allocation, which accounted for -40% of P&L. Despite recent prices moving lower, current price levels remain substantially higher than our original cost basis. We continue to actively realize gains from this segment.

There are numerous technological advances occurring simultaneously in the fields of crude oil, natural gas, and solar energy, that have the potential to greatly shift consumer trends and competitive dynamics, and may render certain stalwart pipelines obsolete sooner than many investors anticipate. Despite these change clouds looming on the horizon, many investors are willing to pay 20x or higher multiples (akin to ~20 years before one recoups his/her cost based on current visible cash flows). We are happily selling our MLPs to those market participants with rosier outlooks willing to pay top dollar.

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† We seek to maximize the "Profit Ratio" (how much \$ we make when we are right vs. wrong, and to keep this ratio above 1.00x which means we have higher \$ profits than \$ losses), not the "Brag Ratio" (how often we are right vs. wrong). This is because we are not here to boast about how often we are right, but to maximize compounding and \$ profits over time. In a world that is overly focused on whether investors are "right or wrong," we prefer to judge ourselves instead by how much \$ profits we make when we are right, and how much \$ capital we lose when we are wrong. 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).

## 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. Over time, all investor separate accounts converge upon the target portfolio allocation.

- **Special Situations/Event-Driven/Other: 28% NAV**

Public securities undergoing spin-offs, recapitalizations, liquidations, 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.

- **Energy Infrastructure / Master Limited Partnerships (MLPs): 8% NAV**

Energy infrastructure companies with assets indispensable to the smooth function of modern society. In early 2016, indiscriminant and forced-selling dynamics drove prices to extremely attractive levels, allowing us to compile a basket of MLP securities with average cost basis equating to ~11% NOI and ~19% Cash on Cash, and paying cash dividends averaging 10%+ per annum. As fear abated, these MLPs have appreciated substantially, returning on average ~2x+ our cost basis in ~18 months. We have aggressively trimmed our exposure to MLPs and harvested gains in recent months.

- **Public Capital Allocators: 12% NAV**

This allocation category includes publicly traded capital allocators that practice patient opportunism (similar to our strategy and philosophy, see Page 2), possessing unique skills (e.g., Berkshire Hathaway’s Warren Buffett) or circumstances (e.g., large amounts of Net Operating Losses “NOLs” to shield future profits from tax obligations thereby increasing value to shareholders). Each position has structures or incentives in place to promote alignment of interest and long-term wealth creation for management and shareholders.

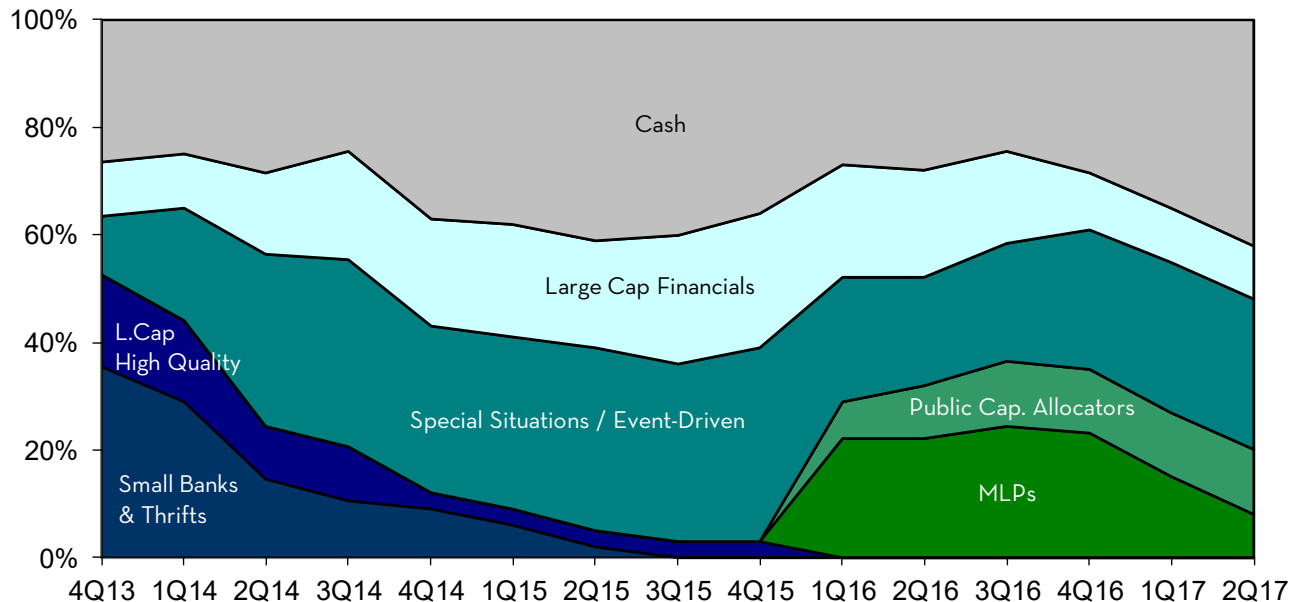
- **Large-Cap Financials: 10% NAV**

Businesses essential to economic and societal function trading at ~8-10%+ earnings yield, many of which we own via in-the-money TARP warrants. Our notional exposure is ~13% NAV because the warrants provide non-recourse leverage at extremely cheap rates (<0.50% per year). Fearful investors fled this area post 2008-2009, and prices are still recovering. These businesses were the survivors, gaining market share, with profit margins that will greatly benefit as interest rates rise (higher revenue potential) and regulatory shaming abates (more capital returned to shareholders, lower legal expenses).

- **Cash: 42% NAV**

This category will fluctuate depending on opportunities available in the marketplace. As we have realized gains in recent months, our cash balance has increased, and may continue to increase. We remain active in seeking greener pastures into which to deploy this cash. However, if suitable opportunities and bargains cannot be found, we are comfortable holding the present or even greater levels of cash.

### Target Portfolio % Allocation - Over Time:



### PORTFOLIO FUTURE POSITIONING

*"...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, Oaktree Capital Management*

*Interview with Portfolio Management Jar, June 2013*

As we continue to harvest gains by selling and trimming winners, the number of positions in the portfolio is decreasing, and our portfolio has become more concentrated. For example, at 4/30/2016 we had 29 portfolio positions vs. only 20 today.

We do not have an inherent preference for portfolio concentration. Our portfolio construction and management decisions are linked with our investment strategy, which dictates that we only make purchases when bargains are available. When bargains are scarce (which is the case in today's environment), our portfolio will naturally have fewer positions than in an environment in which bargains are plentiful. The consequence of fewer positions and portfolio concentration is a higher

likelihood of portfolio return volatility (lumpy returns) caused by price volatility across fewer positions.

We previously discussed the implications of portfolio return volatility in our 2014 4<sup>th</sup> Quarter Letter:

*“Every time we establish a portfolio position, we have a view on the potential future price (and consequently expected return) on the upside and downside. But the price movement of securities, especially in the short-term, is often impossible to accurately anticipate. Volatility occurs as a result of any deviations from our original price and return expectations. The combined deviation of all portfolio positions contributes to portfolio volatility.*

	Upside Volatility	Downside Volatility
Short- Term	GREAT	NOT IDEAL
Long- Term	GREAT	TERRIBLE

*Deviations on the upside (i.e., upside volatility), whether long-term or short-term, is always pleasantly welcomed. Deviations on the downside (i.e., downside volatility) is usually considered more problematic...*

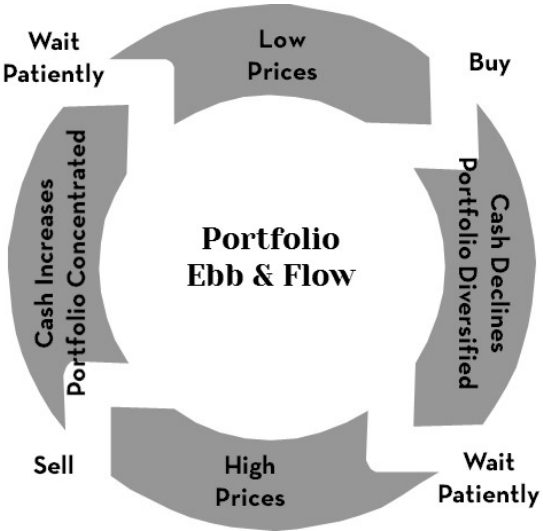
- **Long-Term ‘LT’ Downside Volatility** – markets are often inefficient in the short-term but seldom inefficient in the long-term. Therefore, if the market price permanently deviates from one’s price expectation, it likely means that capital has been permanently impaired. Impairment of capital is extremely damaging to the capital compounding process...It is our intention to completely avoid LT downside volatility (i.e., permanent impairment of capital)...
- **Short-Term ‘ST’ Downside Volatility** – it’s not uncommon for security prices to deviate from our price and return expectations in the short-term, leading to ST downside volatility. The only way to completely avoid ST downside volatility is to establish positions in securities that will not deviate from one’s return expectations (such as high-quality short duration securities which are nearly impossible to find in today’s environment)."

Portfolio concentration may lead to a higher likelihood of future lumpy returns and bouts of ST downside volatility. Although not ideal, we are willing to endure ST downside volatility during periods when bargains are scarce. By accepting only long-term investor capital (funds not required for near-term expenditures), we ensure that the duration of our investor base matches the long-term nature of our investment philosophy and strategy. This is important because it allows us to not only endure ST downside volatility, but also to take advantage of lower prices created by ST downside volatility (as we did in early 2016), which helps us achieve our ultimate long-term goal of maximizing wealth compounding over time.

Portfolio Ebb & Flow



Our investment process and portfolio is designed to exploit market boom-bust price cycles. These cycles occur because the direction of market prices is governed by the collective psyche of all market participants (buyers and sellers), and this collective is often susceptible to temporary irrational glitches, creating booms with unjustifiably high prices as well as busts with irrationally low prices.

Our portfolio composition will ebb & flow with these boom-bust price cycles, as illustrated below:



When temporary glitches create irrationally low prices in securities that we already own or others that we want to own, we will use our cash balance to take advantage and purchase bargains that emerge. As we do so, our portfolio cash balance will decline and the portfolio will become diversified (see below, change between 12/31/15 to 4/30/16). Then, as prices recover and move higher, we will exit previously purchased bargains and pocket healthy profits. Our portfolio cash balance increases, and the portfolio becomes more concentrated (see below, change between 4/30/16 to 6/30/17).

Portfolio Ebb & Flow in Action:

	<b>Dec 31st 2015</b>		<b>Apr 30th 2016</b>		<b>Jun 30th 2017</b>
					
<b>Portfolio % Cash</b>	34.8%	PURCHASED MLPs AT BARGAIN PRICES	20.0%	HARVESTING PROFITS FROM MLPs & OTHER WINNERS	38.8%
<b># of Positions</b>	17		29		20

In the context of the ebb & flow discussion above, our portfolio is once again poised to take advantage of future opportunities that will emerge. As long as we remain patient and diligent, we are confident that temporary irrational glitches in the collective market participant psyche will invariably provide to us other sets of lucrative opportunities in the near future, just as it has in the recent past.

### Annual Investor Catch-Up

We understand the importance of trust, transparency, and peace of mind as it relates to how your capital is invested. Therefore, every summer, we attempt to schedule one-on-one time with each of you to catch-up, discuss the portfolio, and answer any questions.

Please use the links below to choose a time most convenient for you:

- [60 Min Call](#)
- [60 Min Meeting](#) (open to those in the Los Angeles area)

We look forward to hearing from everyone!

This letter serves 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. Thank you for your continued trust.

Yours very truly,

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## APPENDIX: HISTORICAL PERFORMANCE RETURNS (NET OF FEES)\*

		2011											
	2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Marram	22.3%	5.9%	3.2%	2.0%	3.4%	1.8%	-1.6%	-0.6%	3.4%	-0.8%	1.7%	1.6%	0.4%
S&P 500	2.1%	2.4%	3.4%	0.0%	3.0%	-1.1%	-1.7%	-2.0%	-5.4%	-7.0%	10.9%	-0.2%	1.0%
% Cash Exposure		7.5%	11.9%	13.5%	15.4%	13.5%	30.6%	23.1%	21.9%	12.2%	11.8%	10.5%	7.9%
		2012											
	2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Marram	34.7%	3.0%	6.0%	6.9%	3.0%	0.4%	1.3%	0.4%	0.4%	1.3%	4.4%	1.5%	2.0%
S&P 500	16.0%	4.5%	4.3%	3.3%	-0.6%	-6.0%	4.1%	1.4%	2.3%	2.6%	-1.8%	0.6%	0.9%
% Cash Exposure		9.7%	8.4%	11.2%	7.6%	10.6%	8.8%	16.4%	27.0%	22.7%	27.1%	25.3%	21.9%
		2013											
	2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Marram	27.3%	5.2%	1.6%	4.2%	2.3%	2.6%	1.5%	3.4%	1.2%	1.1%	-0.6%	1.6%	0.2%
S&P 500	32.4%	5.2%	1.4%	3.8%	1.9%	2.3%	-1.3%	5.1%	-2.9%	3.1%	4.6%	3.0%	2.5%
% Cash Exposure		19.4%	17.6%	19.5%	17.4%	22.8%	16.8%	10.5%	6.8%	4.6%	4.9%	6.3%	9.0%
		2014											
	2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Marram	13.3%	-0.6%	3.1%	2.1%	2.7%	1.0%	-0.2%	1.5%	1.9%	-1.6%	1.3%	4.9%	-3.3%
S&P 500	13.7%	-3.5%	4.6%	0.8%	0.7%	2.3%	2.1%	-1.4%	4.0%	-1.4%	2.4%	2.7%	-0.3%
% Cash Exposure		7.9%	5.1%	9.4%	15.1%	15.1%	14.5%	20.0%	19.7%	18.4%	17.3%	11.1%	16.0%
		2015											
	2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Marram	-9.1%	2.7%	3.1%	-2.3%	1.3%	1.3%	-1.3%	-5.7%	-1.2%	-5.0%	1.8%	0.7%	-4.4%
S&P 500	1.4%	-3.0%	5.7%	-1.6%	1.0%	1.3%	-1.9%	2.1%	-6.0%	-2.5%	8.4%	0.3%	-1.6%
% Cash Exposure		16.2%	14.8%	14.9%	13.0%	14.8%	30.7%	31.1%	29.3%	31.1%	31.9%	30.4%	34.8%
		2016											
	2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Marram	38.5%	-7.2%	-2.6%	7.6%	9.7%	3.0%	-5.2%	0.7%	4.4%	3.3%	0.9%	8.8%	11.5%
S&P 500	12.0%	-5.0%	-0.1%	6.8%	0.4%	1.8%	0.3%	3.7%	0.1%	0.0%	-1.8%	3.7%	2.0%
% Cash Exposure		29.9%	22.8%	20.8%	20.0%	21.5%	23.0%	22.1%	21.6%	19.3%	20.8%	18.8%	20.6%
		2017											
	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Marram	9.5%	3.6%	2.1%	-0.1%	-1.5%	1.6%	3.5%	-	-	-	-	-	-
S&P 500	9.3%	1.9%	4.0%	0.1%	1.0%	1.4%	0.6%	-	-	-	-	-	-
% Cash Exposure		21.2%	27.4%	30.3%	31.6%	34.7%	38.8%	-	-	-	-	-	-

\* Unaudited, net return figure calculation assumes 2% per annum management fee, pro-rated and deducted monthly from performance of 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, custodial & trading expenses, fund transfer & order timing, margin & trading capabilities, tax considerations, and other account restrictions. Returns for each separate account may differ. Please refer to your account statements for actual 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.