Visit: www.marramllc.com
Email: vivian@marramllc.com

January 25, 2019

Dear Investors,

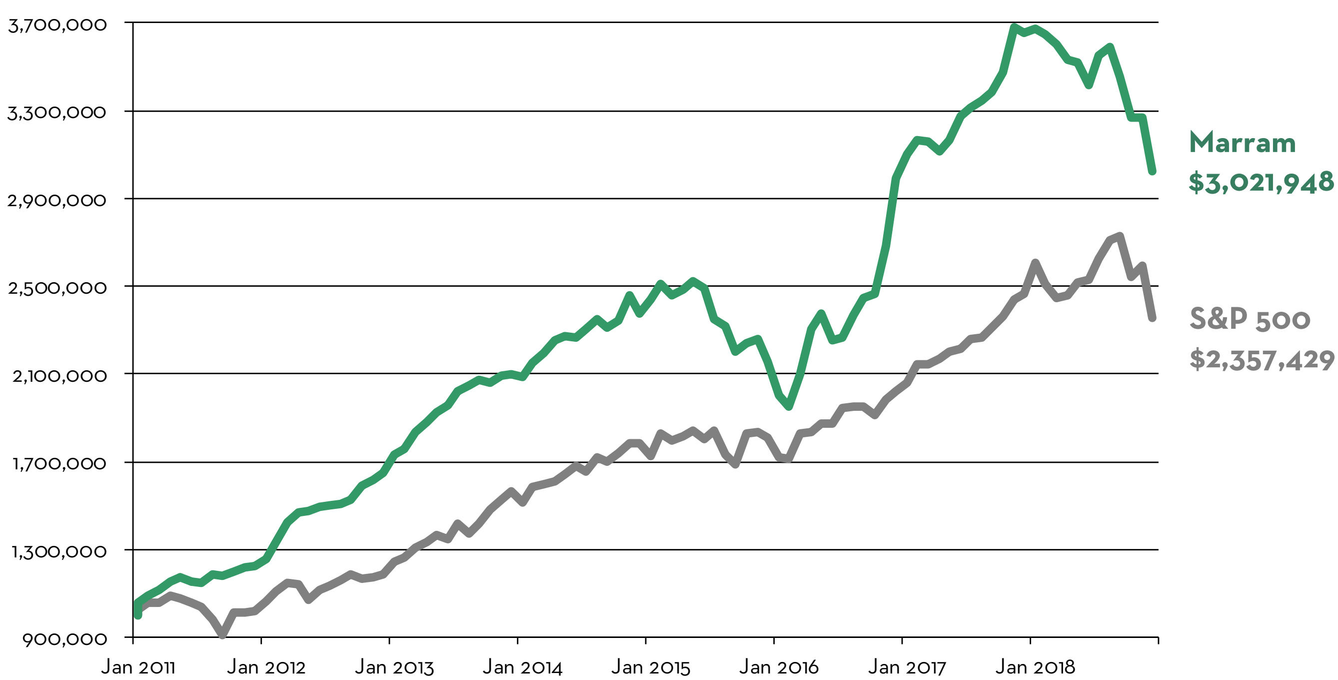
The Portfolio* returned -17.3% (net) in 2018.

During this same period, the S&P 500 returned -4.4%.

Since inception, Marram has generated +202.2% cumulative return and +14.8% annualized return, net of fees, versus +135.7% and +11.3% 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 12/31/2018)*



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 liquid 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.

OUR GOAL:	• To compound (grow) capital over time
PHILOSOPHY:	• Patient Opportunism
STRATEGY:	• Buy cheap assets (when available) • Hold cash when there are no cheap assets • Hedge the portfolio when appropriate • Think opportunistically and creatively
IMPLEMENTATION METHOD:	• Utilize any security or asset that offers superior risk reward, with a preference for liquidity
RESULT:	• Outsourced wealth compounding solution for investors whose primary goal is to grow money over time

PORTFOLIO RETURN ANALYSIS *

	1Q 2018	2Q 2018	3Q 2018	4Q 2018	Full Year 2018
Marram Portfolio* (Net Return)	**-1.4%**	**-5.1%**	**1.0%**	**-12.5%**	**-17.3%**
S&P 500 Total Return	-0.8%	3.4%	7.7%	-13.5%	-4.4%
Number of winners (where we made $)	12	7	12	6	8
Biggest $ winner, as % of $ P&L	45.3%	25.1%	110.1%	2.4%	4.4%
Top 5 winners, as % of $ P&L	105.5%	35.8%	186.0%	5.1%	7.6%
Top 10 winners, as % of $ P&L	140.8%	37.3%	212.0%	5.2%	8.7%
Number of losers (where we lost $)	6	10	5	17	19
Biggest $ loser, as % of $ P&L	-102.1%	-97.0%	-48.6%	-29.9%	-38.0%
Top 5 losers, as % of $ P&L	-234.7%	-130.3%	-113.0%	-81.4%	-83.2%
Top 10 losers, as % of $ P&L	-242.5%	-137.3%	-	-81.4%	-99.9%
Ratio of number of winners to losers ("Brag Ratio")	2.00x	0.70x	2.40x	0.35x	0.42x
Ratio of $ profit to $ loss ("Profit Ratio")	**0.59x**	**0.27x**	**1.88x**	**0.05x**	**0.08x**

The Portfolio* returned -12.5% and -17.3% (net) vs. -13.5% and -4.4% for the S&P 500 during the 4th quarter and full-year 2018, respectively.

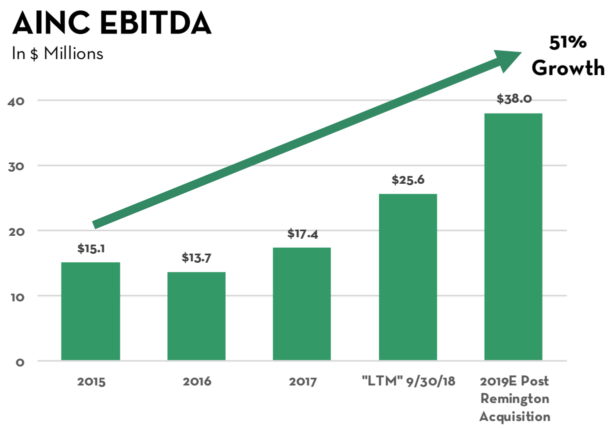
In 2018, a few of our portfolio investments experienced significant price declines despite maintaining strong balance sheets, and generating healthy, growing profits. We remain patient long-term shareholders because current market prices do not properly reflect the attractive underlying fundamentals and future upside potential of these investments. Below are brief updates on the top performance detractors of 2018.

<u>Ashford Inc. (AINC)</u>

AINC was responsible for 38% of our total $ loss in 2018. AINC is a REIT asset manager that earns stable annual % management fees (based on ~$8Bn enterprise value of public hotel REITs it manages) and potential incentive fees (based on the share price performance of those public REITs). AINC also owns and generates revenues from service businesses ancillary to the hotel business, such as hotel property management, event audio-visual services, hypoallergenic room preparation, watersports & ferrying operations, smart locks for hotel room access, etc.

AINC is an attractive investment for the following reasons:

- *Operating Leverage.* Service-based business model where costs won't increase as quickly as revenues, so profit margins should expand over time as revenues continue to grow.
- *Stable Growth.* Profits are steadily growing via reinvestment of capital into additional businesses ancillary to the hotel business (see EBITDA growth chart on the next page).
- *Strong Balance Sheet.* ~$68mm of cash and quasi-cash; the only debt is a related-party convertible preferred note held by management convertible into equity at $140/share.
- *Aligned Management & Insiders.* ~50% of the total shares outstanding are owned by management and insiders who have not sold a single share as they continue to build out AINC's long-term growth strategy. We believe this aligns their interest with those of public shareholders.



Source: Company SEC Filings, Marram Projections, and Public Trading Data

Most importantly, AINC is attractively priced. As you can see in the charts above, EBITDA ("earnings before interest tax depreciation and amortization" – a proxy for profitability) has increased significantly in the last few years, yet the share price remains virtually unchanged since its spin-off in late-2014. The 12/31/2018 close price of $51.90/share implies 7.8x Enterprise Value / 2019E EBITDA multiple for a business model with stable revenue streams, a strong balance sheet, and significant room to grow both margins and profits via reinvestment of capital into additional businesses ancillary to the hotel business. In the coming years, these incremental investments should translate into significant cash flows that will, in hindsight, make today's share price seem absurdly cheap.

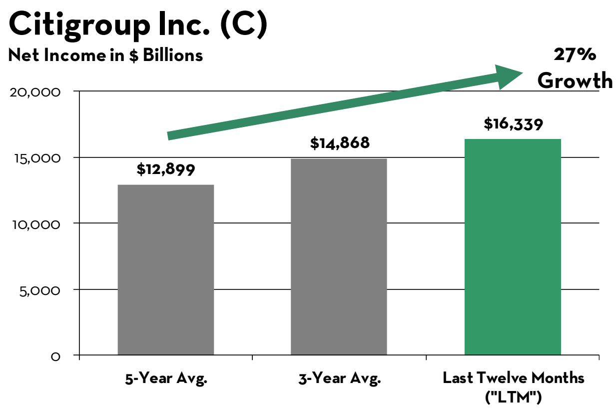
Large-Cap Financials

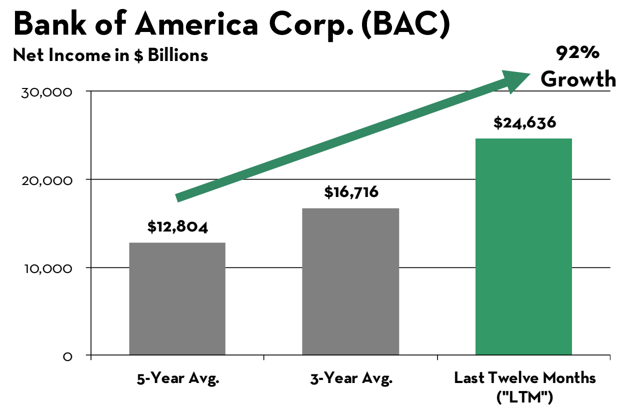
Our basket of Large-Cap Financials was responsible for 19% of our total $ loss in 2018.

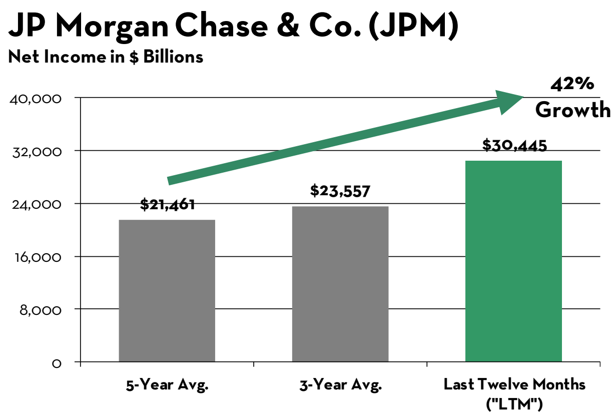
Big banks play a crucial role as the providers of essential financial infrastructure (e.g., ATMs, cash deposits, wire transfers, electronic bill payments, credit cards) without which modern society cannot function. Thanks to rigorous regulations enacted after the 2008 Financial Crisis, these are not the troubled institutions of 10 years ago. Neither are they the primary source of sketchy loans this time around (we believe that honor has passed to the "private credit" funds and business development companies popping up like mushrooms after a rainstorm). Today's big banks are more efficient, well-capitalized, and ready to absorb credit losses should an economic recession occur.

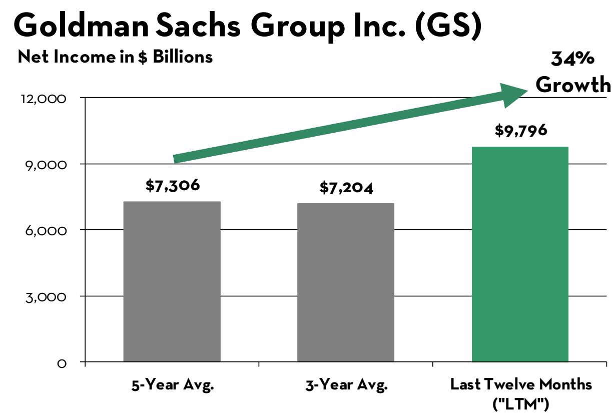
As you can see in the charts below, our big banks are generating and growing healthy annual profits. Based on closing prices as of 12/31/2018, we are currently receiving ~10-16% returns[1] annually. We believe this is just the starting point as future profits and returns will increase as the banks continue to shed costs and invest in technology. Best of all, ~100% of annual profits are redistributed to shareholders via cash dividends and share buybacks. The big banks that we own are quality growth businesses trading at liquidation prices.

[1] Based on Implied LTM Earnings Yield "EY" = (LTM Net Income) / (Market Cap on 12/31/2018 Close). The reciprocal of this metric is the more commonly used Price to Earnings "PE" Ratio. 10-16% EY equates to ~6-10x PE.





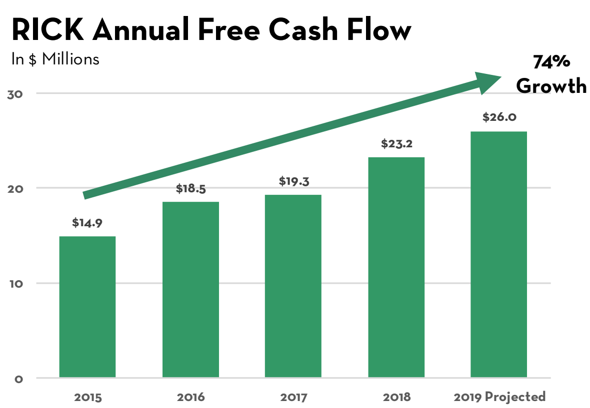




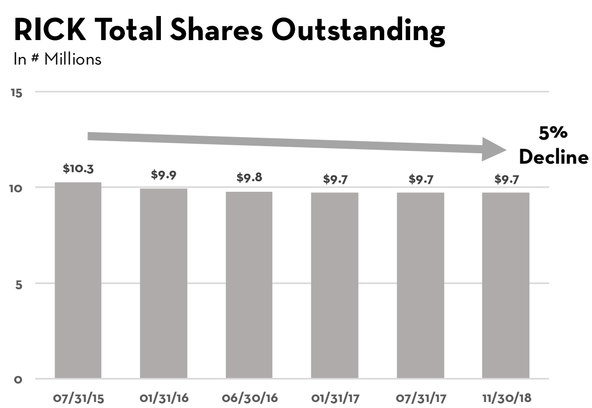
Source: Company SEC Filings

<u>RCI Hospitality (RICK)</u>

RICK was responsible for 12% of our total $ loss in 2018. RICK is a publicly-traded operator of gentlemen's clubs and entertainment restaurants around the United States. The business is very high margin, with relatively low maintenance capex requirements, not too levered at 2.8x Net Debt to EBITDA (much of which consists of club-level non-recourse seller financing, or collateralized by club/restaurant real estate), and generates large amounts of free cash flow.



Source: Company Presentation Dated December 31, 2018



Source: Company SEC Filings

As shown in the charts above, RICK has grown free cash flow steadily (by 74% in the last few years) through responsible capital reinvestment and acquisitions, while its total shares outstanding has declined by 5% through share repurchases. The 12/31/2018 close price implies a $217mm market cap, which equates to an annualized ~12% free cash flow yield. We believe this is a bargain for such a durable growth business.

In summary, our portfolio is composed of businesses with strong balance sheets, generating attractive profits, and durability to withstand economic uncertainty or recession. Current market prices do not properly reflect fundamentals, or future upside potential. These investments remain undervalued, and we remain patient long-term shareholders. Should prices fall further, we would gladly purchase additional shares for the portfolio.

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.

- **Value / Special Situations: 29% 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 circumstance(s) embedded in each position. Because circumstances such as business strategy decisions take time to implement, and market participants require time to process the implications of these decisions, 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.

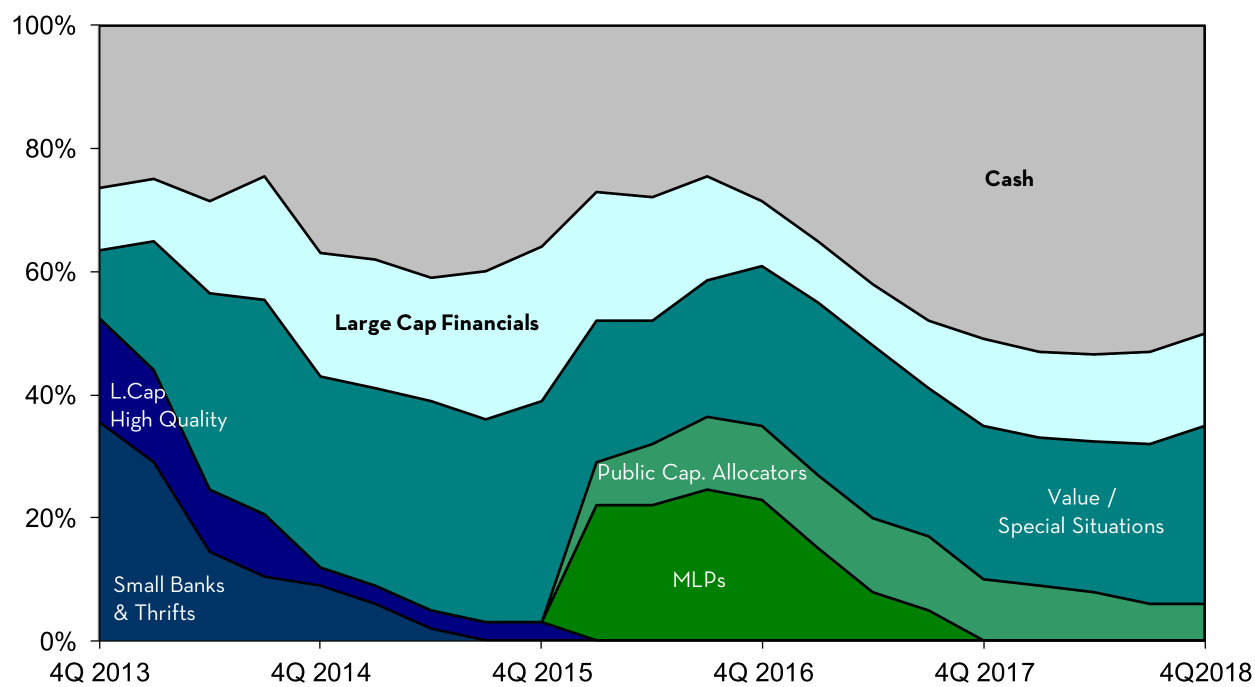
- **Large-Cap Financials: 15% NAV**
  Businesses essential to economic and societal function producing ~10-16%+ earnings yield. Fearful investors fled this area post 2008-2009, and prices are still recovering. These businesses were the survivors, gaining market share, with profit margins that have and will continue to benefit through rising interest rates, implementation of automation technology (lower costs, higher operating leverage), and abatement of regulatory shaming (more capital returned to shareholders, lower legal and compliance expenses).

- **Public Capital Allocators: 6% 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.

- **Energy Infrastructure / Master Limited Partnerships (MLPs): 0% NAV**
  Energy infrastructure companies with assets indispensable to the smooth function of modern society. In early 2016, indiscriminate forced-selling 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 appreciated substantially. During the 1st Quarter 2018, we harvested all gains and exited this allocation entirely. On average, each position was held for ~18 months, appreciated 2.1x its cost basis, and generated 66% IRR – the majority of which was return of capital and long-term capital gain.

- **Cash & Cash Equivalents: 50% NAV**
  This category will fluctuate depending on opportunities available in the marketplace. As we realized substantial gains in 2017-2018, 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 because on the lower bound, cash now provides 2%+ return per year with minimal downside risk (via 1 to 3-month Treasury Bills), while on the upper bound, cash encompasses the positive return potential of all future opportunities that will emerge.

Target Portfolio % Allocation – Over Time:



FUTURE PORTFOLIO POSITIONING

Marram's investment strategy involves taking advantage of short-term market pricing inefficiencies. One of the unfortunate realities of such a strategy is that pricing inefficiencies can persist even after we make our purchases (such was the case in 2018). These periods of short-term underperformance are normal, and to be expected in the course of long-term public markets investing because securities prices in public markets do not always accurately reflect business fundamentals (as exemplified by AINC, Large-Cap Financials, and RICK).

This is not the first time we have underperformed in the short-term, nor will it be the last time. Many of you will remember a volatile period in Marram's historical performance in late-2015 into early-2016, from which we emerged with exceptionally strong performance in the following years.

Recently, public markets have experienced heightened price volatility. We have been diligently searching for bargain opportunities in areas involving small/micro-cap securities, year-end tax loss harvesting, and forced liquidations by fund managers facing redemptions, or the intersection of all of the above factors. Capitalizing on pricing inefficiencies, we purchased a few new positions for the portfolio and added to existing positions.

Between our existing and new investments, we have built a diversified portfolio of quality undervalued businesses that are growing profits while trading at exceptional prices. We also still have plenty of dry powder in the form of cash and liquidity. If pricing in the marketplace (or pockets of the marketplace) continues to decline, we are prepared to deploy capital aggressively.

The short-term performance 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. With careful diligence (to avoid over-levered, junky businesses), gumption (to resist the contagion of fear when faced with large temporary price declines), and patience (to allow for planted portfolio investment seeds to grow over time), Marram's portfolio is well-positioned to weather any coming storms and emerge favorably in the years ahead.

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,

Vivian Y. Chen, CFA
Portfolio Manager
Marram Investment Management LLC
vivian@marramllc.com

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%
Portfolio Cash %		*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%
Portfolio Cash %		*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%
Portfolio Cash %		*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%
Portfolio Cash %		*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%
Portfolio Cash %		*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%
Portfolio Cash %		*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											
	2017	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**
Marram	**22.1%**	3.6%	2.1%	-0.1%	-1.5%	1.6%	3.5%	1.1%	1.0%	1.1%	2.6%	6.0%	-0.7%
S&P 500	**21.8%**	1.9%	4.0%	0.1%	1.0%	1.4%	0.6%	2.1%	0.3%	2.1%	2.3%	3.1%	1.1%
Portfolio Cash %		*21.2%*	*27.4%*	*30.3%*	*31.6%*	*34.7%*	*38.8%*	*39.1%*	*42.5%*	*45.6%*	*44.3%*	*42.3%*	*42.6%*

		2018											
	2018	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**
Marram	**-17.3%**	0.5%	-0.7%	-1.2%	-1.9%	-0.4%	-2.9%	3.8%	1.1%	-3.7%	-5.4%	0.1%	-7.6%
S&P 500	**-4.4%**	5.7%	-3.7%	-2.5%	0.4%	2.4%	0.6%	3.7%	3.3%	0.6%	-6.8%	2.0%	-9.0%
Portfolio Cash %		*48.5%*	*48.7%*	*48.5%*	*48.3%*	*49.0%*	*50.7%*	*48.7%*	*48.2%*	*50.1%*	*53.4%*	*49.7%*	*51.4%*

* 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.

A list of all recommendations made by Marram within the immediately preceding period of not less than one year is available upon request. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list. 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.