MARRAM
INVESTMENT MANAGEMENT

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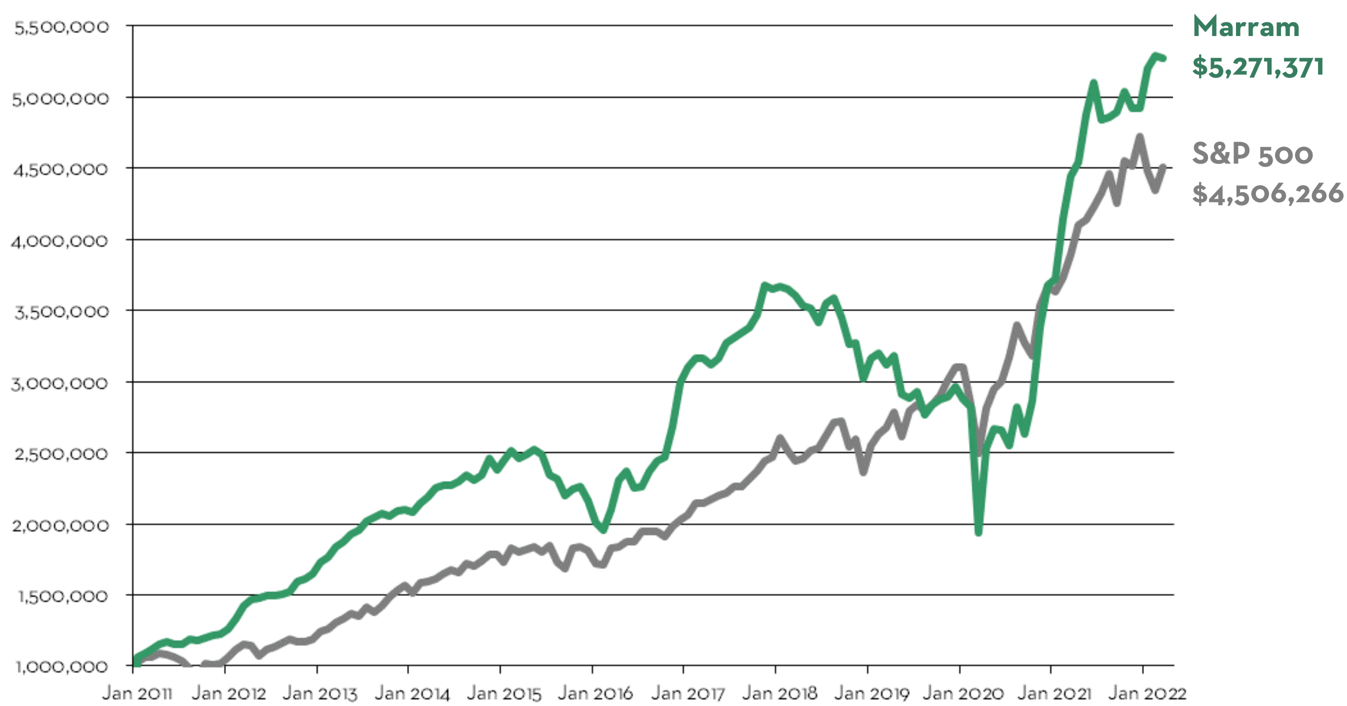
Dear Investors,

The Portfolio* returned +7.1% (net) in the 1st quarter of 2022. During this same period, the S&P 500 returned -4.6%.

Since inception, Marram has generated +427.1% cumulative return and +15.9% annualized return, net of fees, versus +350.6% and +14.3% 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 3/31/2022)*



## 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)<br>• Hold cash when there are no cheap assets<br>• Hedge the portfolio when appropriate<br>• 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 ALLOCATIONS

Below is the target portfolio allocation – the optimal allocation as of the writing of this letter. Investor separate accounts may differ from this allocation due to changes in asset prices, availability 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.

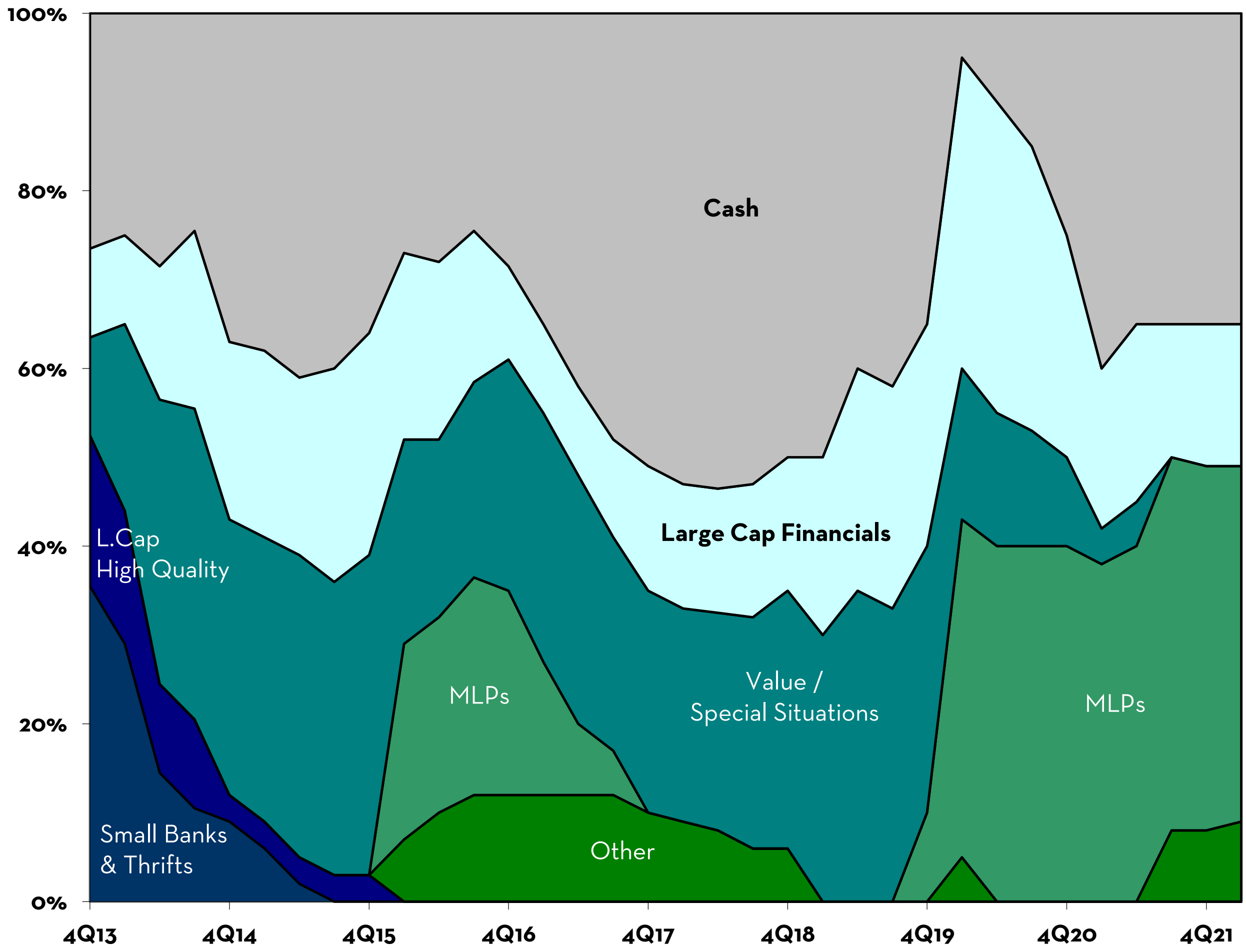
- **Energy Infrastructure / Master Limited Partnerships (MLPs): 40% NAV**
  Energy infrastructure companies with assets indispensable to the smooth function of modern society. Recent headlines on global energy shortages are stark reminders of how fossil fuels remain critical to our modern society. We took advantage in early 2020 of commodity price volatility, shareholder turnover, forced selling, and uncertainty related to the long-term demand of fossil fuels which drove prices to extremely attractive levels. Our diversified basket of MLPs currently trades, on average, at 8% NOI and 14% Cash Flow Yield, paying dividends averaging 7.3% per year, and remain attractively priced with significant future upside potential. See our 2019 4th Quarter and 2021 2nd Quarter Letters for details on our MLP investment thesis.

- **Large-Cap Financials: 16% NAV**
  Financial infrastructure companies whose services are essential to the smooth function of modern society. In 2020, investors (incorrectly) fearing a repeat of the Great Financial Crisis ("GFC") of 2008-2009 fled the sector, driving prices down precipitously. We took the opportunity to increase our allocation. Our thesis that strong capital ratios and high-quality loan portfolios would prevent a repeat of the GFC has since proven correct, and our banks have reported low loan losses, released provisions, and produced higher earnings. Annual normalized earnings of large banks remain robust at ~11-12+% ROE even with low interest rates, with additional profit uplift possible through future high interest rates, and adoption of technology & automation (lower personnel and real estate occupancy costs). Because we paid bargain prices averaging less than 75% of book value, we expect this basket will return ~14-16%+ annualized for many years into the future. See our 2020 2nd Quarter Letter (The Case For Large Banks) for a detailed discussion of our large bank investment thesis.

- **Other: 9% NAV**
  This category consists of attractive investment opportunities that do not belong in any of the above categories. All have large revenue tail winds, operating in areas with large and untapped total addressable markets, generating cash profits and actively reinvesting profits back into the business at high incremental margins, self-funding future growth with little/no equity dilution. We purchased these investments at attractive prices that should generate at least 3x return in 5 years based on reasonable growth & margin assumptions.

- **Cash & Cash Equivalents: 35% NAV**
  This category will fluctuate depending on attractive investment opportunities available in the marketplace. We are collecting ~3% NAV in cash dividends each year on our current investments, which will increase our cash balance over time.

**Historical Target Portfolio Allocation %:**




## PORTFOLIO RETURN* ANALYSIS & FUTURE POSITIONING

Our Portfolio* appreciated +7.1% (net) in the 1st quarter of 2022 vs. the S&P declined -4.6%.

During the quarter, equity markets faltered due to various macroeconomic concerns: higher interest rates, supply chain woes (caused by pandemic & war), and labor/other inflationary input costs – all of which are exerting, and will continue to exert, downward pressure on the profits margins of many businesses. In contrast, our portfolio has benefited from recent macroeconomic conditions, gaining 7.1% this quarter.

- 80% of the gains were fueled by our energy infrastructure investments. New headlines about global fossil fuel shortages – key inputs into modern industrial supply chains – have exacerbated inflationary conditions, and market participants are finally realizing that fossil fuels, and the infrastructure assets required to transport, store, and process fossil fuels, are not obsolete investments as societies transition toward renewable power. The prices of our MLP investments have appreciated in light of this shift in market perception.

- The remaining 20% of gains came from MoneyGram's sale announcement to Madison Dearborn for $11/share, a ~50% gain on our initial investment in less than a year.

We remain excited about the future return potential of our portfolio in the years ahead. Our MLPs and Large Banks will benefit from today's inflationary environment, and projections of higher long-term interest rates, respectively – cash profits are growing while valuations remain undemanding.

We are also taking advantage of recent market volatility to purchase out of favor Payment and Financial Technology businesses that are profitable, fast growing with high incremental margins, and actively reinvesting profits to fund future growth without incurring equity dilution, at valuations that should allow for at least 3x return in 5 years based on reasonable growth and margin assumptions.

<u>What's Next: Payments & Financial Technology ("Fintech")</u>

Over the next decade, how global consumers and businesses spend-move-borrow money and track-process-settle transactions, will change in profound ways through much need infrastructure and software updates and adoption of innovative technologies. Examples include elimination of paper invoicing and paper checks, increased adoption of real-time and account-to-account payments, cheaper and more secure digital payment rails, digitalization of currencies, new applications for blockchain technologies, etc.

Payment and Fintech businesses are benefitting from these trends and experiencing revenue tailwinds with high incremental margins. This explosive growth led to increasingly frothy valuations in the last few years. However, in late 2021, valuations began to collapse as growth-oriented businesses failed to meet lofty investor expectations. In January, we wrote that ~39% of names in the NASDAQ were trading at less than 50% of their highs[1] while other areas, like IPOs and SPACs[2] experienced even steeper price declines. Since then, prices have continued to decline, and we have been taking advantage.

Leveraging our deep knowledge of the banking sector, and research we had conducted well in advance, we have been purchasing new Payment and Fintech investments for our portfolio, including:

- A credit card issuer and processing business with superior real-time ledger technology
- A payment technology conglomerate focused on all aspects of financial digitalization
- A digital consumer (prime) originator and lender with a stable funding source (its own bank)
- A digital consumer credit lead generation and referral engine

[1] Wall Street Journal "Giant Stock Swings Kick Off 2022" January 17, 2022; https://www.wsj.com/articles/giant-stock-swings-kick-off-2022-11642351304?mod=hp_lead_pos3
[2] Wall Street Journal "The SPAC Ship Is Sinking" January 21, 2022; https://www.wsj.com/articles/the-spac-ship-is-sinking-investors-want-their-money-back-11642761012

- A software gateway facilitating digital payments for local governments entities, non-profit / religious organizations, utilities, etc. (such as paying your property tax bill by ACH/card vs. paper checks)

All of these investments have a few characteristics in common:

- Large revenue tail winds, operating in areas with large and untapped addressable markets
- Current cash profits
- Actively reinvesting profits back into the business at high incremental margins
- Ability to self-fund future growth with little/no equity dilution (this is especially important!)
- Valuations that allow for at least 3x return in 5 years based on reasonable growth & margin assumptions.

Using the above criteria, we are actively tracking a lengthy list of other potential investments, ready to pounce if/when prices reach attractive levels. It is our intention to build a diversified basket of fintech/payment businesses whose profits will benefit from financial digitalization tailwinds, thus providing our portfolio with another source of attractive future returns.

As always, thank you for your trust. We look forward to continuing our capital compounding adventures in the years ahead.

Yours very truly,

Vivian Y. Chen, CFA
Portfolio Manager
Marram Investment Management

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

| | 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% |

| | 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% |

| | 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% |

| | 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% |

| | 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% |

| | 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% |

| | 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% |

| | 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% |

| | 2019 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Marram** | **-1.7%** | 4.7% | 1.1% | -2.4% | 1.8% | -8.5% | -0.8% | 1.6% | -5.5% | 2.4% | 1.2% | 0.7% | 2.6% |
| **S&P 500** | **31.5%** | 8.0% | 3.2% | 1.9% | 4.0% | -6.4% | 7.0% | 1.4% | -1.6% | 1.9% | 2.2% | 3.6% | 3.0% |

| | 2020 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Marram** | **23.7%** | -3.1% | -1.8% | -31.6% | 31.2% | 5.3% | -0.5% | -3.8% | 10.4% | -6.8% | 9.1% | 17.7% | 8.8% |
| **S&P 500** | **18.4%** | 0.0% | -8.2% | -12.4% | 12.8% | 4.8% | 2.0% | 5.6% | 7.2% | -3.8% | -2.7% | 10.9% | 3.8% |

| | 2021 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Marram** | **34.0%** | 1.4% | 11.4% | 7.1% | 2.3% | 7.3% | 4.6% | -5.1% | 0.3% | 0.8% | 3.0% | -2.4% | 0.0% |
| **S&P 500** | **28.7%** | -1.0% | 2.8% | 4.4% | 5.3% | 0.7% | 2.3% | 2.4% | 3.0% | -4.7% | 7.0% | -0.7% | 4.5% |

| | 2022 YTD | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Marram** | **7.1%** | 5.6% | 1.8% | -0.4% | | | | | | | | | |
| **S&P 500** | **-4.6%** | -5.2% | -3.0% | 3.7% | | | | | | | | | |

** 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.*