SPENDING DEBATE TO NOW RAMP UP. ANY RELIEF RALLY SHOULD BE GIVEN BACK.

The Investment Climate:

We believe these two charts simplify the whole story of what's going on in Washington.

They plot US household income since 1967 and the amount of this income that was collected in federal taxes and spent on federal expenditures.

The blue line marks the intersection where $1 of income equals $0.50 of spending in the first chart and $0.50 of taxation in the second.

Note that until the 2008 financial crisis income, taxation and spending tracked consistently, although deficits were being generated.

The financial crisis created, for the first time, a decline in household income from $50k in 2007 to $48k in 2010, labeled with an **X**. This resulted in a commensurate decline in tax receipts.

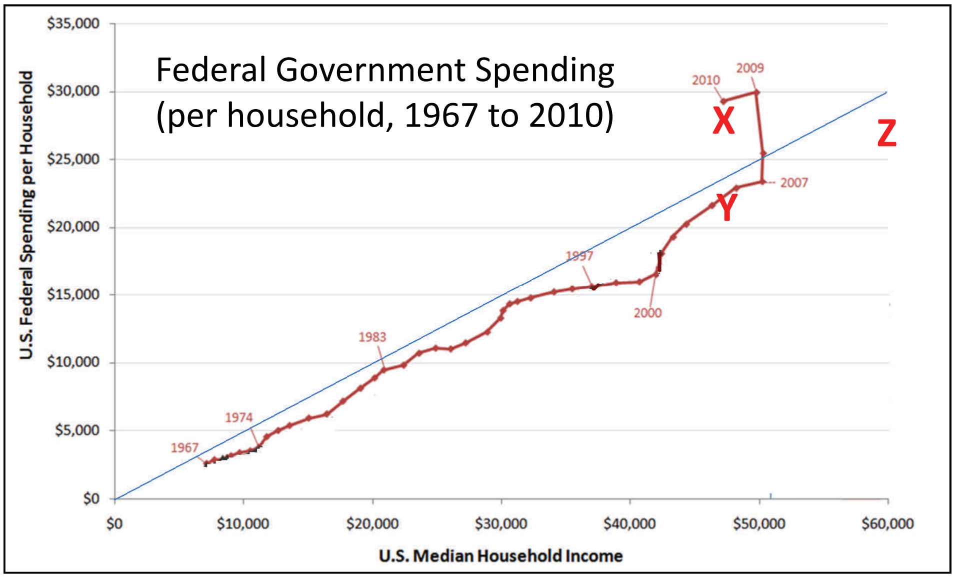
But spending continued unabated and broke well above the blue equilibrium line. In addition to spending not being a function of income, as is the case for taxation, spending includes unemployment entitlements that grow inversely to economic activity and income direction.

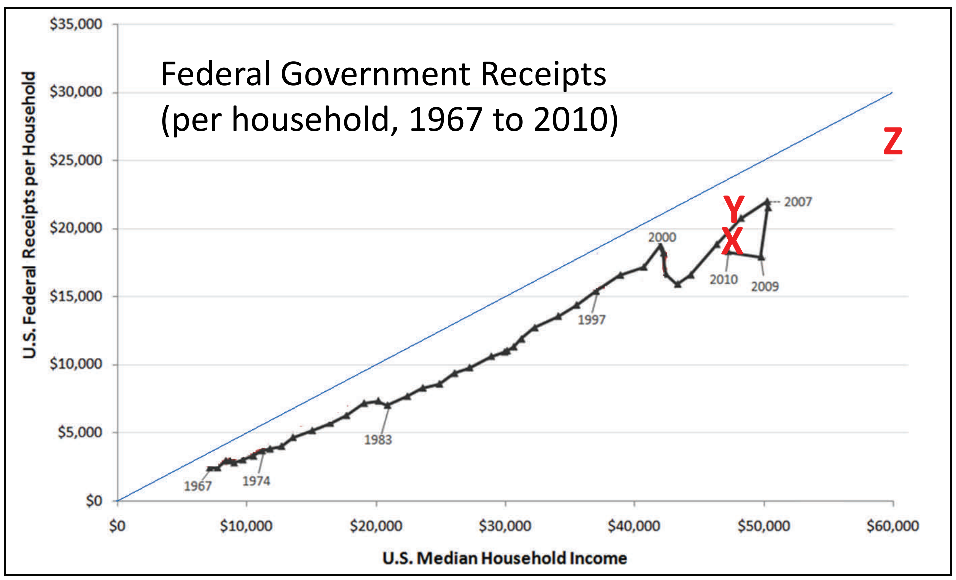
If economic activity remains below normal, spending must be cut and taxation must be increased to levels identified by the **Y**'s, and the spending cut would have to exceed that of taxation.

If economic activity was to get back in line with the past 50 years ($60k), taxation would move to a point identified by the **Z** due to the progressive nature of its calculation but spending would not only <u>not</u> be allowed to grow to avoid increased deficits but would actually have to <u>decline</u> to get back to historical equilibrium.

Over the next few months it is unlikely that the economy will recover back to its historical trend line but discussions must be entered regarding increase of the US debt ceiling. In the past this would have been a fait accompli but that was during a time when trend lines for income, tax receipts and spending had some semblance of correlation. The financial crisis and the slow recovery to date may make ratings agencies and our creditors much less comfortable with the US's ability to get its house in order, especially after the events of the past month.

With significant buying of US debt being done by the Federal Reserve there may be a period when the right to unprecedented low borrowing costs is jeopardized.

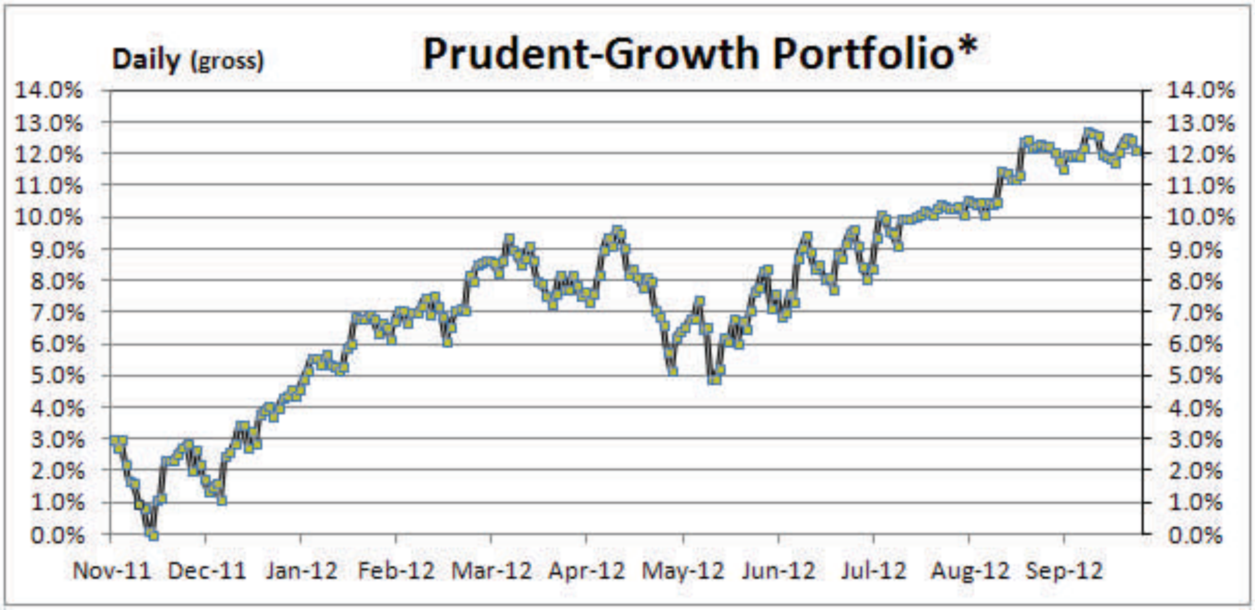




The Portfolio Strategy:

We believe any stock-market relief rally resulting from passage of this "cliff" deal will be worked off during the next three months of spending and taxation debates. In the end, without the immediate resumption of economic growth to close budget deficits, government spending must be reduced.

*RAM taxable SMA account. *see disclosure for details.*



* DISCLOSURE

Past performance is not indicative of future results.

The performance shown in all charts for RAM's Prudent Growth Portfolio is for a single-managed account (SMA) managed on a fully-discretionary basis by RAM Capital Management LLC (RCM) and that adheres fully to RCM's Prudent-Growth investment process and portfolio execution. In some cases, due to the modest size of an account or if client restrictions are placed on the account, the SMA account's performance may vary.

Investors should carefully consider the investment objectives, risks, charges and expenses of an SMA account offered by RAM Capital Management LLC. Any performance data quoted here represents past performance. Current and future performance may be lower or higher than that experienced in the past. Investment return and principal value will fluctuate, so that SMA accounts, when closed, may be worth more or less than their original cost. Past performance is no guarantee of future results.

RAM Capital Management LLC does not guarantee the accuracy or completeness of information posted on its website or within its reports, nor does it assume any liability for any loss that may result from reliance by any person upon any such information or opinions. Such information and opinions are subject to change without notice and are for general information only.
A Single Managed Account (SMA) is an actively managed portfolio. There is no guarantee that any investment will achieve its objectives, generate positive returns, or avoid losses. The SMA will incur a loss as a result of a short position if the price of the short position instrument increases in value between the date of the short position sale and the date on which the SMA purchases an offsetting position. The SMA's losses are potentially unlimited in a short position transaction. A higher portfolio turnover will result in higher transactional and brokerage costs.

The past performance for January 1, 1996 to September 30, 2010 is for the RAM Capital L.P fund. The prior performance is net of transaction expenses and net of management fees (0.50% per annum). Also prior performance does not include the effect of the LP's performance fee, which does not apply to SMA's. On October 1, 2010 the partnership was converted to, and its performance ported to, the RAM Risk-Managed Growth Fund, a mutual fund adhering to the Investment Companies Act of 1940 and regulated by the SEC. Past performance since the conversion is net of management fees (1%) and expenses (0.25%), terms incorporated in the fund's prospectus. The latter expense does not apply to SMA's although all commissions and other charges, fees and expenses associated with an SMA are the responsibility of the SMA owner. The LP and the mutual fund were managed in the same style and by the same portfolio manager and advisor, RAM Capital Management LLC, since the fund's inception on January 1, 1996. Effective September 30, 2011 all performance for the Prudent-Growth portfolio is based on a representative SMA and are net of expenses and net of management fees (0.50% per annum) except in daily-performance presentations. **The past performance is not necessarily an indication of how an SMA will perform in the future.**

The S&P 500 Index is an unmanaged composite of 500 large capitalization companies. This index is widely used by professional investors as a performance benchmark for large-cap stocks. You cannot invest directly in an index.