RAM *prudent growth*

September 2012 - Week 3

THE *INSIDE-OUTSIDE* REPORT.

Robert H. Munsie, Chief Investment Officer

NO WAY OUT FOR BERNANKE. TIME TO START PRUNING.

Outside:
The market celebrated what had become very clear...the Fed and Mr. Bernanke must keep the spigot open while bipartisanship is on hold for the elections, the economy is weakening, and the financial cliff deadline is ticking.

Based on the earnings outlook the equity markets remain attractively priced. The issue is, as it always is, what is the growth rate over the next few years. Given the unprecedented high-level of corporate margins and the unprecedented low-level of taxes paid by these corporations, the risk remains that a democratic victory sends Washington to the only pool capable of funding the unprecedented federal deficit...corporations.

We do no believe investors are focused on this risk to earnings and its impact on corporate spending and stock valuations. It will prove difficult for the market to continue to pay for ROE-levels that may take a hit over the next four years of Democratic rule and a lame-duck presidency.

With *RAM's Stock-Market Risk Indicator* (chart #1) now approaching high risk levels, and the election and the "cliff" on the horizon, it is time to start pulling back on our bullish stance.

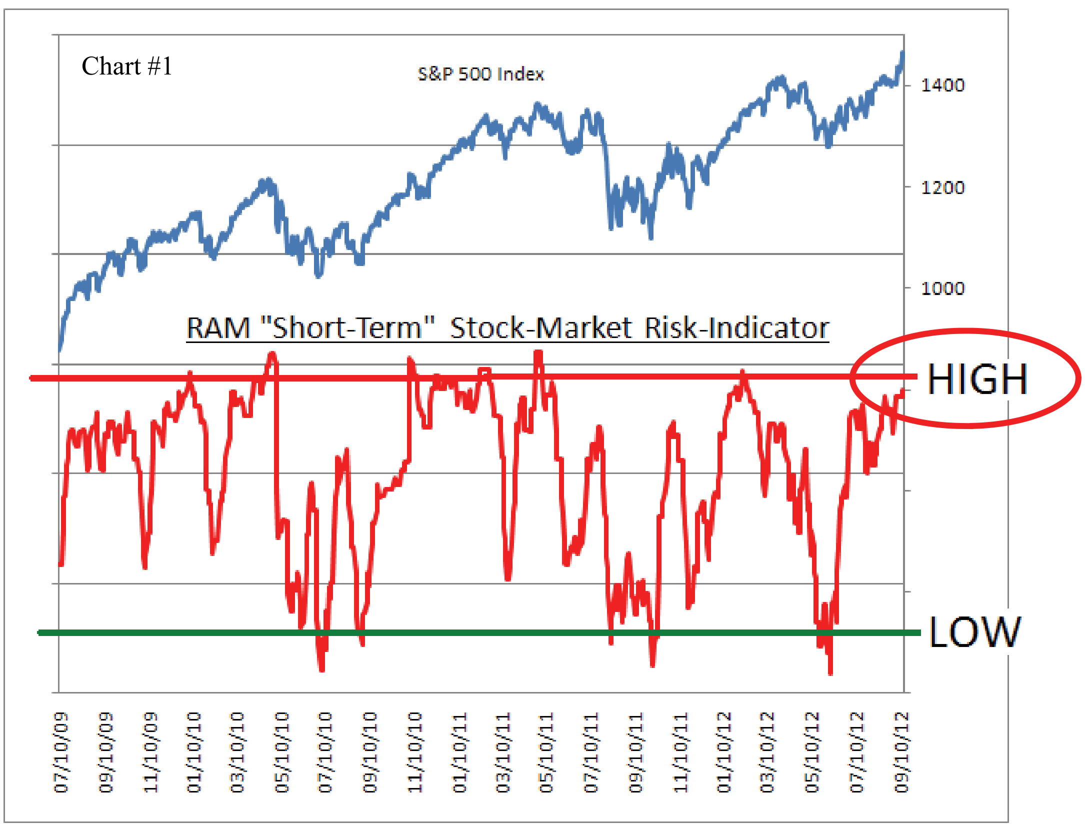
Inside:
Given the above outlook and last week's success of our gold stocks, we will use our *ROI Stock-Selection Model* to identify candidates for sale in our portfolio. This will be due to one or all of stock valuation, relative strength, and weakening fundamentals.

As a result, we are looking to eliminate our positions in Pfizer, Target and Amgen.

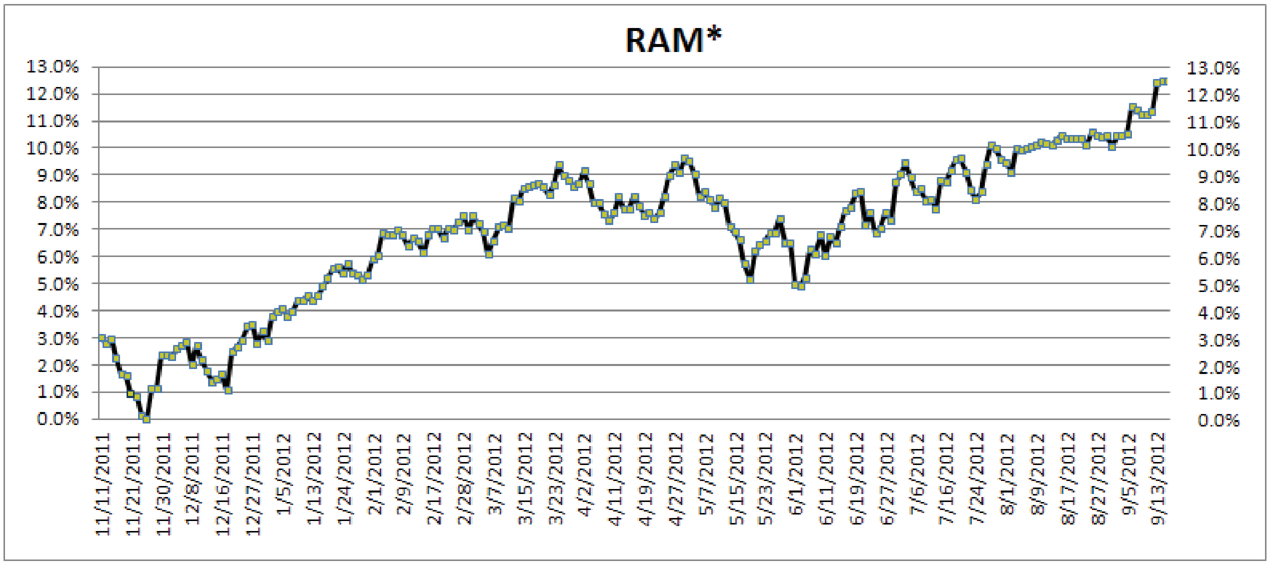
While we recognize that both cash and longer-term fixed income offers virtually no return, we believe our first and foremost responsibility, with our risk-indicator at this level, is one of capital preservation.

If the indicator continues to rise we will expand the list of sales, and add shorts to accounts where permitted.

Of course we are not wedded to any one market opinion. If the market declines or consolidates to allow our risk-indicator to ease, we do have selections in various sectors that are showing potential. An example is Morgan Stanley (MS) a position of which was initiated last week.



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



* DISCLOSURE

Past performance is not indicative of future results.

The performance shown for RAM in any chart 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 investment process and portfolio execution. In some cases, due to the modest size of the account or client restrictions placed on the account, an 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.

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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 may purchase ETFs. The risks and volatility of these investments may be magnified as they may include leverage, which magnifies the changes in the value of the ETF or Underlying Fund. 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 management fees (1% per annum), and net of other expenses. 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 it's performance ported to, a mutual fund adhering to the Investment Companies Act of 1940 and regulated by the SEC. Past performance since the conversion are net of management fees (1%) and expenses (0.25%). The latter does not apply to SMA's although all commission and other charges, fees and expenses 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. **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.