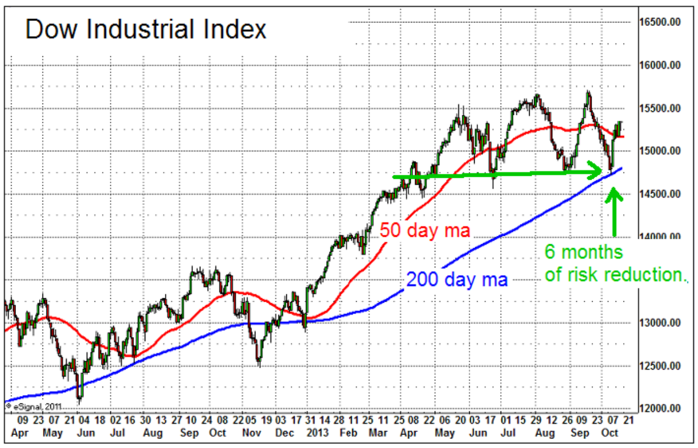
The *Prudent-Growth* Portfolio

October 2013 - Week 2

MARKET'S TECHNICALS OFFER OPPORTUNITIES. RAM'S CAUTIOUS APRIL STANCE EXPIRES.

The Investment Climate:

RAM's investment process incorporates the continuous evaluation of the four key factors that impact publically traded stocks...the macro, the corporation's fundamentals, the prevailing investor sentiment, and the market and individual stocks' technical trading pattern.



This week the technical feature of this investment process has moved back to the foreground. Recall that in April (see chart), with investor sentiment running hot and the stock market well off its 2009 lows and well above its rising 50 and 200 day moving averages, RAM became more cautious on its exposure to stocks. In addition the Federal Reserve was evaluating the necessity of its QE program vis a vis the job's data yet we believed any modification to QE that would result was not in the markets.

Over the ensuing five months the data showed only modest improvement in the unemployment rate which remained well below the Fed's targeted rate. Furthermore between the gradual seepage of the impact of the sequester into the economy and the anticipated deadlock of Washington over Obamacare and the debt ceiling, the Fed, offering the only tool for maintaining fuel for the economy, continually moved the goal posts for QE modification, which is now into 2014 at the earliest.

During this period the technicals worked off their extended move out of the 2012 market consolidation by moving sideways from mid-April to early October (see Dow Industrial chart above). During this period stock earnings, that had stalled out and shown signs of rolling over, continued to hold firm.

This brings us to October and, the chart shows, the market has found support at the important 200 day moving average. While corporate earnings have shown little top line benefits they have benefited from cost and interest expense reduction to allow estimate beats for the third quarter reporting period.

Furthermore, with bond and cash yields offering little in the way of competition, the sentiment for investing is begrudgingly coming back. While equity-fund cash inflows and internet IPO's are back in the headlines, they remain at relatively modest levels.

While the consolidation does present a favorable risk/reward for adding stock positions, not all factors are back in sync. Stocks, now trading at 17 times earnings, are seeing no revenue growth. We believe the plummeting "velocity-of-money", caused by the Fed's easing combined with shrinking bank balance sheets, will remain until the next correction in asset values. That said we also believe that after the next major correction capital investing, and the revenues it will trigger, will sow the seeds for long-term economic growth and long-term investment returns.

In the meantime, the current technical support offers long stock opportunities during the fourth quarter.

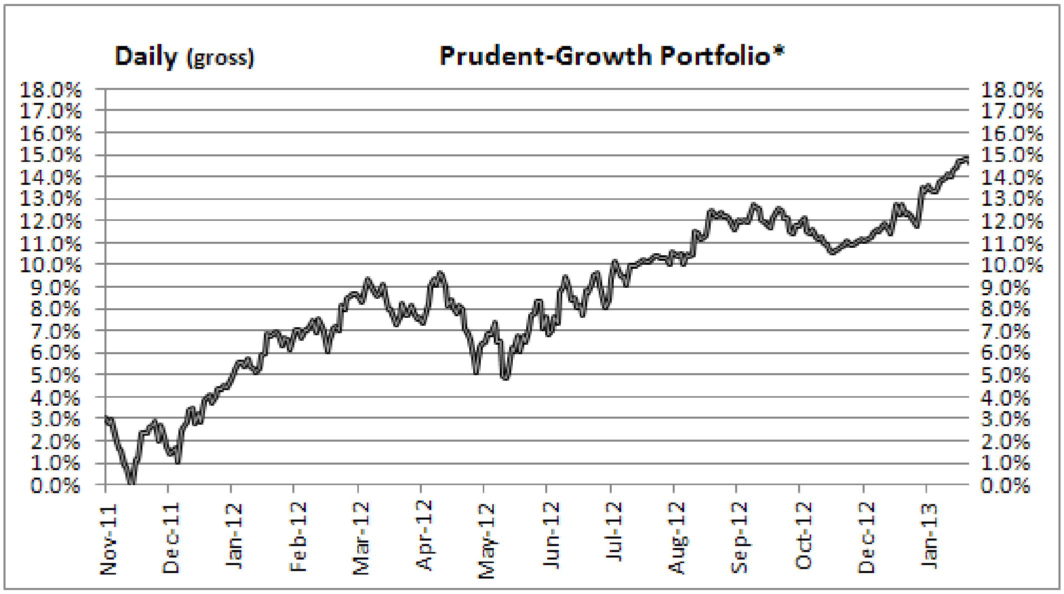
The Portfolio Strategy:

In light of the five-month market consolidation discussed above RAM has identified a dozen companies adhering to financial and return qualities we favor and at stock prices offering appreciation potential assuming the market consolidation moves back into a bullish trend.

In April, in advance of the consolidation, RAM reduced its stock-market exposure significantly. The number of holdings in the portfolio declined from 38 to 22 and the net exposure declined from 65% to 30%. We anticipate that a new pool of about a dozen stocks will be finalized and added to the portfolio to move net exposure back to the 60% level.

In spite of the consolidation, that in theory often allows the growing earnings to catch up to the appreciated stock price making them appealing for investment, we do remain cognizant that the bull market is late in its fifth year and that the Fed could make a decision at any meeting to reduce its monthly level of QE bond purchases and/or signal a date to end QE. In addition we are aware that investor sentiment is now trending back to favoring stock investments a situation that can be detrimental to market appreciation. As a result we acknowledge that our new positions may be temporary in nature if the market enters a blow off stage higher.

*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 was 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.