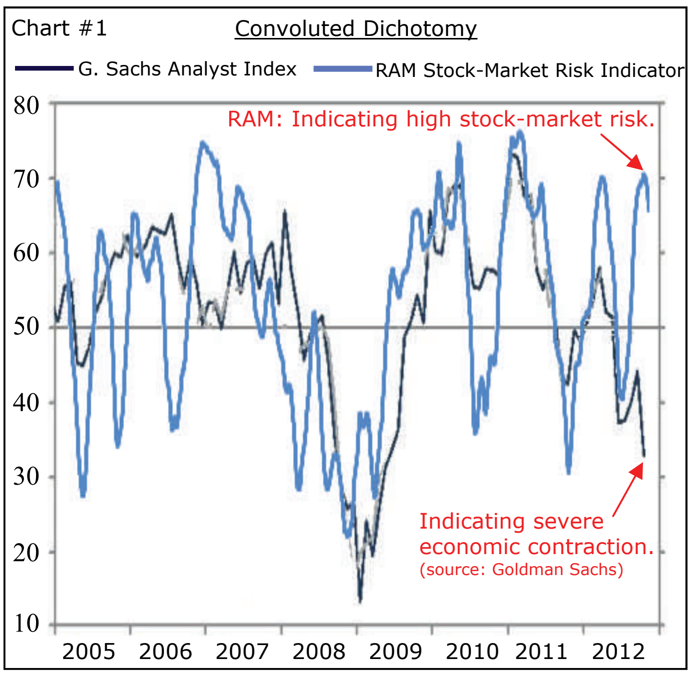
ECONOMIC DATA FAKING OUT INVESTORS?! RAM SELLS DISNEY LONG.

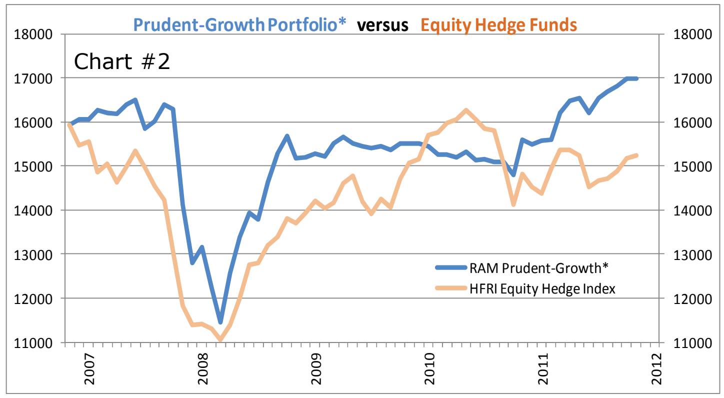
The Investment Climate:

Recent data indicating a slight uptick in the economic climate have pundits breathing a sigh of relief. We believe these data, subject to downward revisions too late to save investors, are at odds with the "real-world" evidence. These data points are greatly impacted by seasonal adjustments that can overwhelm the very economic change they were designed to identify. The companies of the S&P 500 Index have a market capitalization of over $13 trillion and thus provide a credible prism through which to evaluate the "real" world. An observation of the analyst estimates for these 500 companies reveals that they had been cutting 3Q estimates for some time and yet this month management could not even beat this lowered hurdle. Furthermore the revenues reported for the quarter have been weaker than expected and the forward-looking guidance remains downward sloping.

We have found the Goldman Sachs Analyst Index (chart #1) a reliable "coincident" guide to US economic trends. Currently it is giving a reading of 30, well below the 50 level that defines a balanced economy, and its momentum is pointing sharply downward.

Alone this index's trend would not cause us concern from a portfolio-management perspective. Quite the contrary. RAM's investment process typically triggers buying during periods of economic distress much as it did significantly in late 2008 and early 2009. A reading of 30 is easily closing in on an opportunity for RAM to put cash to work in great companies at attractive valuations. But we are not getting the expected buy signal from *RAM's Stock-Market Indicator* (chart #1). Again quite the contrary. It is indicating the exposure to the stock market should be reduced.





This "convoluted dichotomy" of the two indexes leads us to believe that investors are interpreting the very recent data as signs favoring an economic trough and strength for next year. Given that the consensus is that investors are underweighted equities and, at a p/e ratio of 15x, the risk/reward is favorable for stocks, we believe investors feel empowered to maintain their equity exposure in anticipation of this strength.

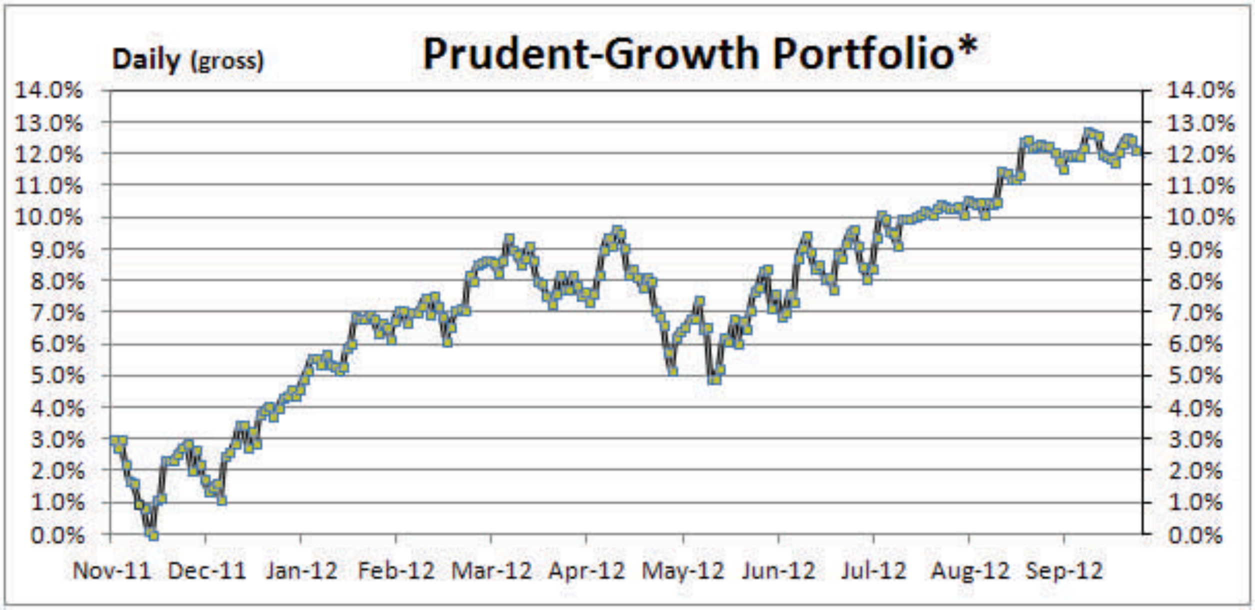
We believe, and history supports, that we will look back in a year and find that these "preliminary" data offered a false sense of security for investors and are ultimately revised downward to levels more consistent with Goldman's reading of 30, one of severe economic contraction. We would prefer to wait it out until our market-risk indicator signals a buy consistent with the GS Indicator reading of contraction. At that time we would be more confident buying companies generated by *RAM's Stock-Selection Model*.

The Portfolio Strategy:

As can be seen in chart #1 *RAM's Stock-Market Indicator* prompted us to increase our portfolio's stock weighting during the fourth quarter of 2011. This October this indicator and other of our indicators lead us to do significant pruning of these stocks. These two actions have allowed the *Prudent-Growth Portfolio* to perform well in both absolute and relative terms when measured against equity hedge-funds as depicted by the HFRI Equity (Total) Hedge Index shown in chart #2.

In addition to the reduction of our overall weighting to equities in the portfolio, we remain sensitive to fundamental changes of companies within the portfolio. Last week Disney, a company we have held for some time and which remains a company we favor, announced that they had entered into an agreement to acquire all of Lucasfilm, the producer of the Star Wars movie franchise, for a combination of Disney stock and cash totaling $4 billion. This alone would not concern us, in fact we are encouraged that they continue to accumulate a portfolio of unique and long-lived entertainment franchises they can also leverage through their theme parks. We are eliminating the position in anticipation of future negative investor reaction to earnings dilution from the acquisition. The next release of Star Wars is not expected until 2015 and any leverage at the parks is a ways away.

*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.