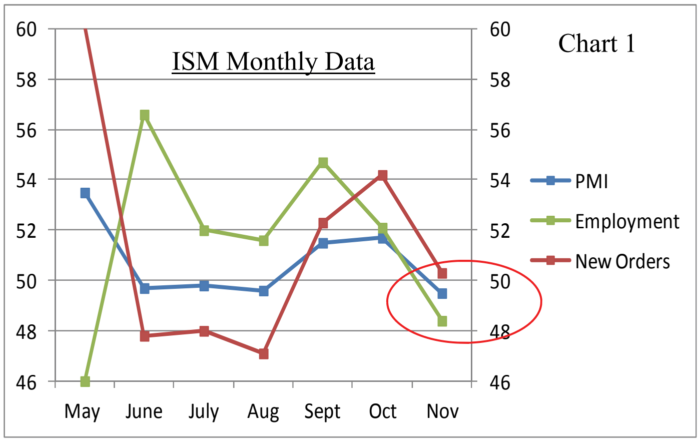
INVESTORS BUY WASHINGTON'S SILENCE. RALLY NOT SUPPORTED BY INDICATORS.

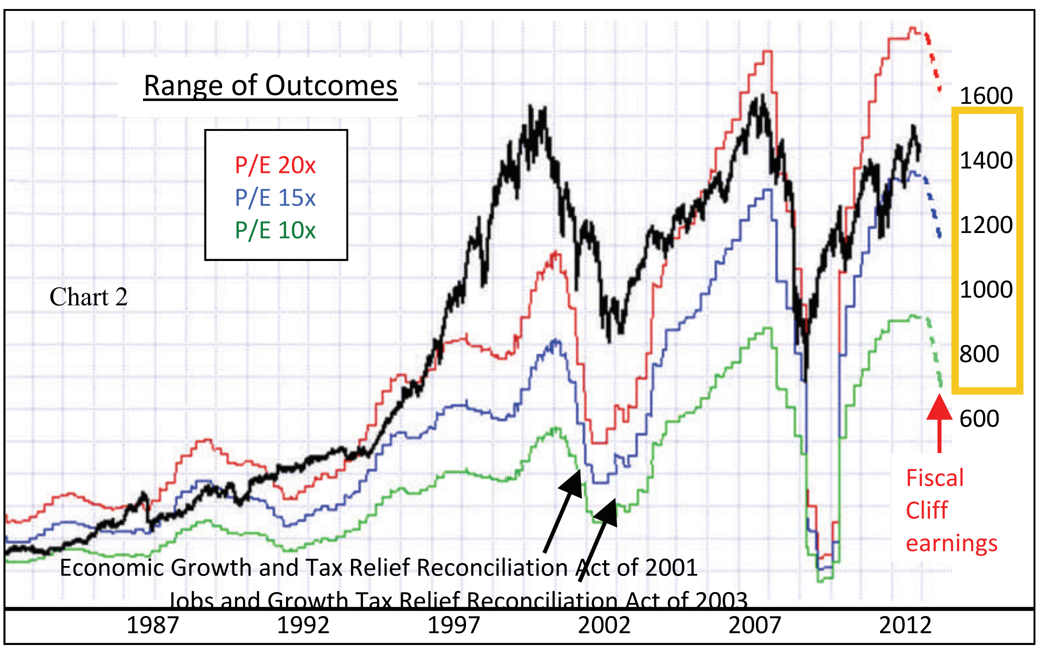
The Investment Climate:

The market has had a significant rally from its 8% sell off that started in mid-September. It would appear that the Thanksgiving break either allowed investors to find value in stocks or the holiday left no one in Washington to make negative pronouncements about their inability to reach a resolution on the fiscal cliff.



That said, the ISM data are indicating that the economy is continuing to cool off from historically cool levels (chart 1). In fact the PMI index has dropped below 50 indicating contraction. It is impossible to discern if this is due to a pause by businesses ahead of the cliff negotiations or it reflects the start of an echo contraction post the 2008 recession. Clearly the Fed's liquidity injection has lost it marginal impact on economic stimulation. Call it pushing-on-a-string or the Fed's inability to have an impact upon the "multiplier" effect.

If the congress allows the deadline to move into the first quarter or initiates the restrictive action that must be taken, then the ISM trend should continue into the first half of 2013. On that basis S&P 500 earnings should roll over meaningfully providing impetus for the stock market to move lower on a valuation basis (chart 2).



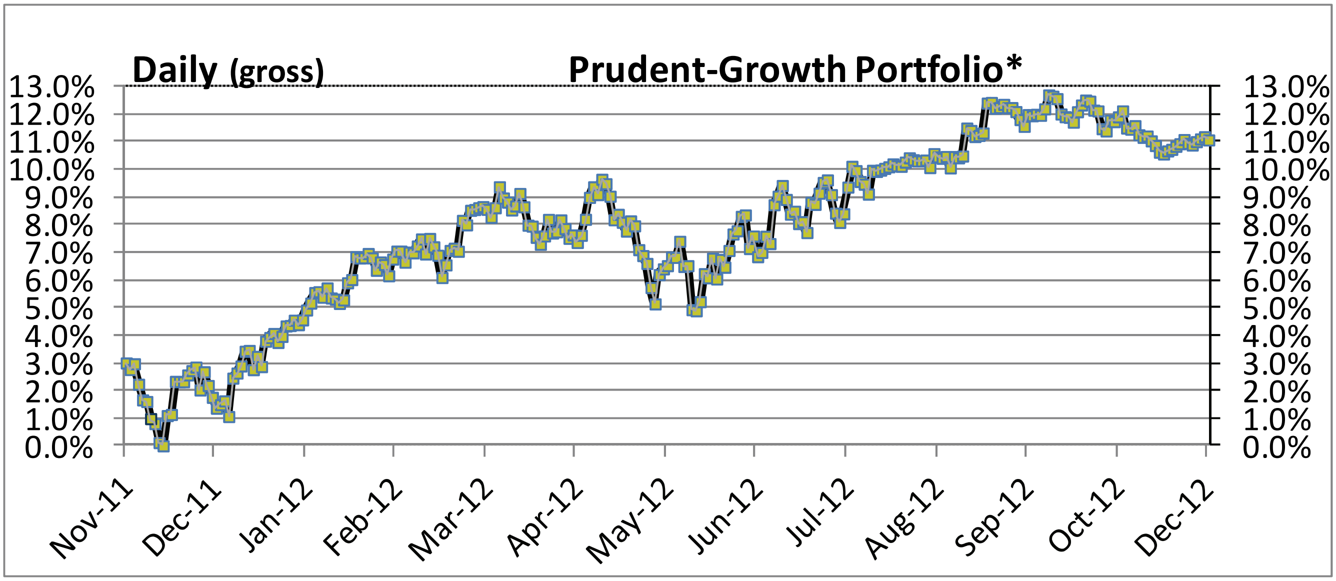
The earnings decline depicted in the chart relates to the economic cycle. Chart 2 shows the timing of President Bush's Two Tax Reconciliation Acts. They were enacted at the depths of the cycle in 2001 and 2003. One can see the impact they had on corporate earnings over the next five years. Unfortunately it is time to "reconcile" back to the norm. While congress attempted this in 2011 and found it convenient to postpone action until after the general election the time to act is now here. Not only is it legislated but labor has come to recognize they have been left behind while they simply focused on keeping jobs. We believe they have become emboldened by the election rhetoric that attacked both wealthy individuals and corporations. We have recently witness accumulating evidence that labor is ready to flex its muscle to extract higher wages and benefits for is members. This would have the effect of moving valuation to the lower multiple level as corporate earnings are further reduced.

The Portfolio Strategy:

Much has been made of the "paying forward" of dividends to avoid the anticipated tax rate increases next year. From a stock selection perspective, RAM believes this action is a non-event if it is simply an acceleration in line with the dividend policy already in place as opposed to the taking-on of debt (risk) to over pay a dividend not warranted by earnings. *RAM's Stock-Selection Model* is indifferent to dividend policy, in fact, we prefer that our selections keep dividends as they can earn greater returns for our money reinvested in their growth strategy than we can often find in the market.

A good example is our recent purchase of Kroger (KR) that, in a tough and consolidating grocery sector, is experiencing admirable results and generating capital gains for shareholders.

*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.

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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 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.

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