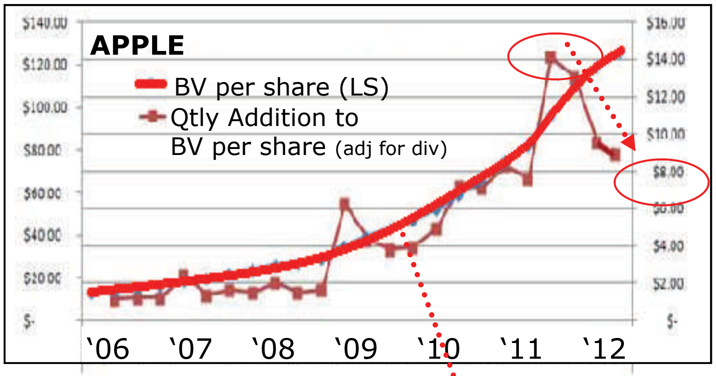
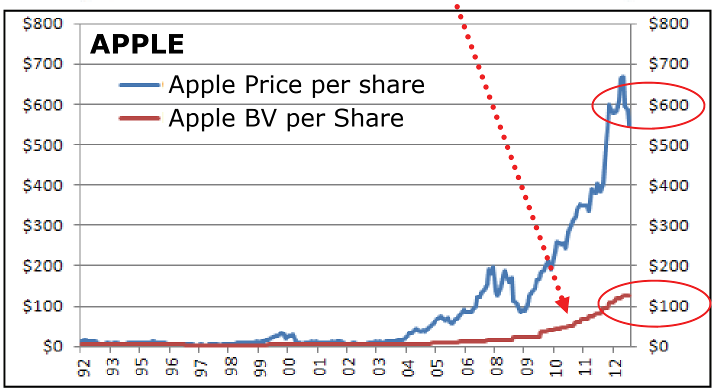
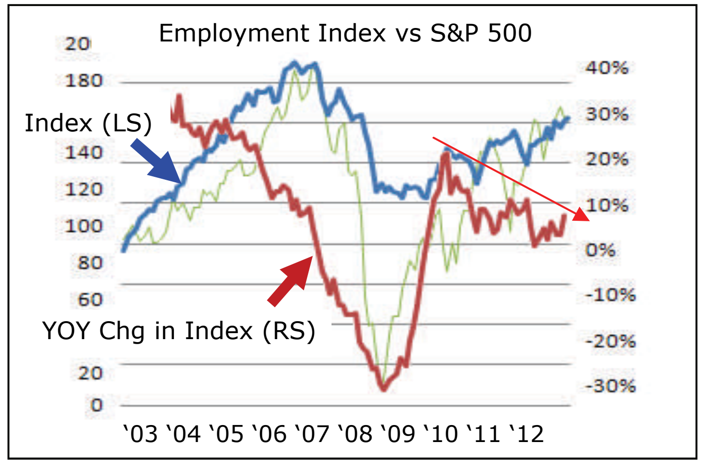
APPLE, JUST THE FACTS PLEASE. NO JOBS FROM MORE QE. RAM ADDING TO HEDGE.

The Investment Climate: Six weeks ago we noted that Apple had completed a head & shoulders top, a technical term for a stock's trading pattern that implies the beginning of too many sellers and not enough buyers. Since then the stock has been selling off



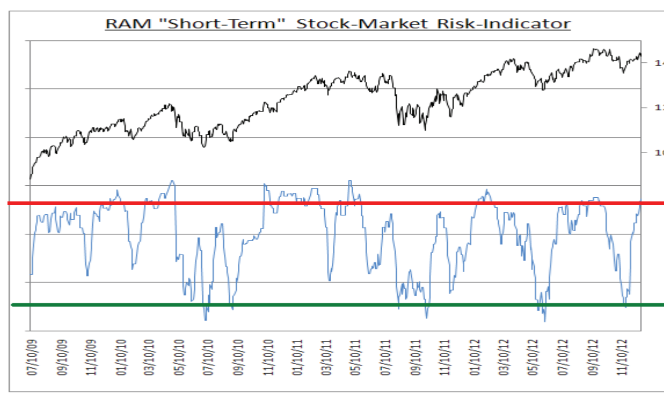


prompting pendants to reiterate the merits of owning Apple. Simply put we believe both sentiment and fundamentals are to blame for its decline. Of the 50+ analysts who follow the stock, all but one has a buy. That's the kiss of death. But that alone cannot be the only reason to sell a stock because history shows a fundamentally strong company can see its stock rally for some time in spite of this excessive optimism. But in the case of Apple the law of large numbers quietly became an issue early this year. The first Apple chart above shows the book value per share (blue line). This is the accumulated value of the company and shows Apple has enjoyed consistent growth during the past six years. But starting with this year's first quarter the addition to the book value, while large, was not as large as the previous quarter and has been declining sharply ever since (red line). The additions to equity have now fallen from a $14/share rate to $8 now and, given the book continues to grow, the return on book value is plummeting even faster. While this does not imply Apple is not a great franchise business, from a stock perspective it can be disastrous when the relationship between stock-price and book-value per share look like the second Apple chart. With companies the likes of Samsung, who have captured a greater share of units, if not apps and/or cache, applying the pressure, it is difficult to see how this ROE trend can be quickly reversed.

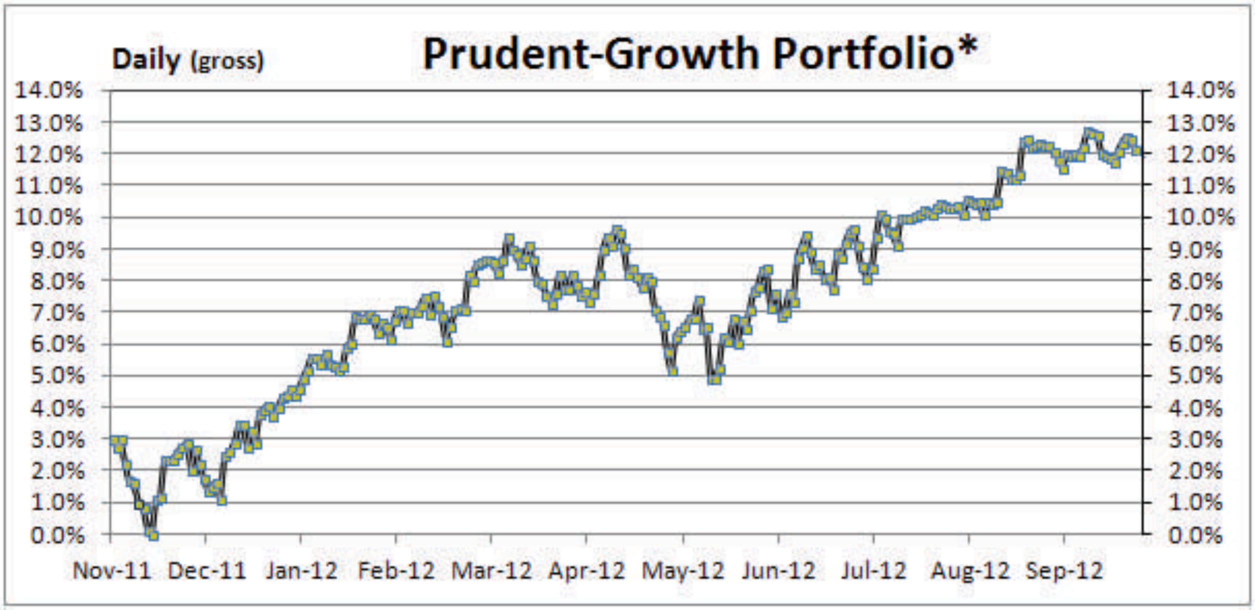


Jobs growth remains an issue for this recovery and we believe it is normal during a period of balance sheet contraction especially when it includes both the consumer and government sectors. The Fed's efforts to provide a stop-gap while these two components of the economy retrench has been tenacious. Unfortunately the old adage, "pushing on a string", comes to mind. The employment chart above provides a snap shot of the dilemma. After the easy comparisons following the 2008 financial crisis the comps became more difficult and provide evidence that this will remain a cycle unlike the past several decades. Now with the consequence of some or all of the "fiscal cliff" are about to descend, we believe the trend will continue much as it did on a YOY basis out of 2006 as shown in the chart. This implies that the market should soon follow the jobs index down during 2013.

The Portfolio Strategy: When "the" stock of this cycle shows weakness both fundamentally and technically and, as shown in the chart below, *RAM's Stock-Market Risk Indicator* moves back into high-risk territory, it is time to become more prudent. As a result we have moved some positions around to favor both stocks and sectors demonstrating superior relative strength but have also put on an additional 10% portfolio hedge which takes our total hedge to 20%.



*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.