



## Q3 2018 QUARTERLY LETTER

Dear Investor,

During Q3 2018, The Rama Fund, LLC (the “Fund”) was up 2.13% net of fees. Since our inception in September 2008, the Fund has generated a cumulative net return of 149.51%, our average annualized net yield is 9.57% and we have produced 120 consecutive months of positive returns for our investors.<sup>1</sup> The end of Q3 2018 marked the 10 year anniversary of The Rama Fund! Thank you to all of our investors for your support over the past decade.

	<u>Q3 2018</u>	<u>YTD</u>
<b>The Rama Fund, LLC<sup>2</sup></b>	<b>2.13%</b>	<b>6.40%</b>
Barclays Aggregate Bond Index	-0.64%	-1.60%

### ***Commentary***

We received the requisite votes to implement the amendments we had circulated to our Operating Agreement, which became effective on October 1, 2018. The two salient changes now in place are: 1) offering better protection to remaining investors in the event that the withdrawal Gate is triggered in a given quarter, and 2) limiting the max leverage ratio of the fund to 50% (from 500%).

We are seeing some softness in real estate values, particularly in the frothy areas where prices were experiencing unsustainable growth rates. While not significant at this time, we are seeing DOM (days on market) times being pushed out a bit and some other indicators that suggest real estate as an asset class might enter into a small correction. We are factoring this sentiment into our origination activities and of course will continue to monitor values and make adjustments to our underwriting criteria, if necessary.

### ***Portfolio***

The Fund’s loan portfolio consists of 357 loans, of which 91.5% are current.

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<sup>1</sup> Prior performance is no guarantee of future results.

<sup>2</sup> Return figures for The Rama Fund are shown net of fees.

DELINQUENCY SCHEDULE						
	Current	30-60 Days	60-90 Days	90+ Days	Foreclosure	Total
Fund # of Loans	327	8	3	3	16	357
Fund Portfolio Weight	91.5%	2.0%	0.5%	0.5%	5.5%	100.0%

The Fund owns one REO that represents 0.2% of our investment portfolio. Our intention is to liquidate this asset as soon as prudently possible.

MATURITY SCHEDULE							
	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19+	Foreclosure	Total
Fund # of Loans	12	23	24	55	227	16	357
Fund Portfolio Weight	4.6%	5.0%	5.0%	23.1%	56.8%	5.5%	100.0%

The weighted average remaining term to maturity of our Fund's portfolio is 33 months and we have 12 loans maturing in the next quarter.

For more detail into the Fund's portfolio composition, please refer to our monthly performance letters.

### ***Pipeline***

Athas Capital Group is our affiliated mortgage bank that provides The Rama Fund with proprietary deal flow. Athas' current pipeline is as follows:

PIPELINE					
	Number of Loans	Amount of Loans	Avg Loan Size	Wtd Avg LTV	Wtd Avg Coupon
Executed LOIs <sup>3</sup>	270	\$124.7M	\$0.9M	61.3%	7.9%
Pending LOIs <sup>2</sup>	14	\$6.1M	\$0.5M	61.9%	7.9%

Since its launch in July 2008, Athas has successfully closed 4,338 loans totaling \$1.6 billion.

Sincerely,

Terry O'Shaughnessy  
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<sup>3</sup> A Letter of Interest ("LOI") is a document executed by our borrowers that details our proposed loan terms.