



Q2 2018 QUARTERLY LETTER

Dear Investor,

During Q2 2018, The Rama Fund, LLC (the “Fund”) was up 2.25% net of fees. Since our inception in September 2008, the Fund has generated a cumulative net return of 144.30%, our average annualized net yield is 9.59% and we have produced 117 consecutive months of positive returns for our investors.¹

	<u>Q2 2018</u>	<u>YTD</u>
The Rama Fund, LLC²	2.25%	4.18%
Barclays Aggregate Bond Index	-0.16%	-1.62%

Commentary

In our last quarterly letter, we discussed the positive impact rising interest rates were having on volume for non-prime mortgage originators. We continue to enjoy the benefits of this tailwind, demonstrated by our year-over-year increase of 86% based on units originated and 103% based on dollar volume originated through June 30th. We are very comfortable with the construct of the Fund’s current portfolio, with our weighted average FICO score of 651 and our weighted average loan-to-value of 61%.

We remain watchful of real estate values and the directional trend of our underlying collateral prices. While headlines often speak to the negative impact on affordability due to higher interest rates, we believe that, in the current environment, this is more than offset by inflationary pressures on both raw materials and nominal wages, together with historically low unemployment rates and housing supply inventories.

Portfolio

The Fund’s loan portfolio consists of 370 loans, of which 95.1% are current.

¹ Prior performance is no guarantee of future results.

² 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	351	6	1	1	11	370
Fund Portfolio Weight	95.1%	2.4%	0.0%	0.2%	2.4%	100.0%

During Q2 2018, we acquired a new REO through foreclosure that represents 0.2% of the Fund’s investment portfolio. The REO is a single family residence located in Dallas, TX. We have entered into an agreement with the tenant to vacate the property and our intention is to list the property in the near term.

MATURITY SCHEDULE							
	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19+	Foreclosure	Total
Fund # of Loans	16	20	23	29	271	11	370
Fund Portfolio Weight	3.9%	5.9%	4.8%	5.3%	77.8%	2.4%	100.0%

The weighted average remaining term to maturity of our Fund’s portfolio is 78 months and we have 16 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 ³	276	\$114.7M	\$0.4M	62.0%	8.0%
Pending LOIs ²	9	\$4.5M	\$0.5M	59.4%	8.2%

Since its launch in July 2008, Athas has successfully closed 3,877 loans totaling \$1.4 billion.

Sincerely,

Alim Kassam
Co-Chief Executive Officer

Brian O’Shaughnessy
Co-Chief Executive Officer

³ A Letter of Interest (“LOI”) is a document executed by our borrowers that details our proposed loan terms.