



Roumell Asset Management, LLC

FINDING VALUE THROUGH OUT OF FAVOR, OVERLOOKED OR MISUNDERSTOOD SECURITIES

ROUMELL OPPORTUNISTIC VALUE FUND



2021

EXECUTIVE SUMMARY

Roumell Asset Management, LLC (“RAM”) pursues long-term capital growth through opportunistic value investing. We seek to own a basket of deeply researched, conservatively financed securities that are out of favor, overlooked or misunderstood by Wall Street and thus able to be bought at a significant discount to our calculation of intrinsic value. We are looking to identify companies that we would take private in a heartbeat.

We believe our size provides us with a structural investment edge. Limiting our AUM gives us the ability to be nimble and to pursue investment opportunities in corners of the market most likely to be mispriced. Moreover, we are able to take position sizes that can have a meaningful impact on our portfolio.

DEFINING CHARACTERISTICS



OPPORTUNISTIC CAPITAL ALLOCATOR

willing to allocate to equities and special situation fixed income; in the absence of compelling risk/reward opportunities, we hold cash.



MICRO/SMALL CAPITALIZATION FOCUS

predominant emphasis on small and micro capitalization securities where dislocation between price and value are more abundant.



FOCUS ON HIGH CONVICTION IDEAS

the portfolio is comprised of 15 to 20 core holdings with our best ideas representing the largest percentage of capital.



OPERATING WHERE THE HERD IS NOT

focus on market areas that have little Wall Street coverage, and are thus less competitive, and typically invest at a time of deep investor disdain.



PRIMARY CONSIDERATION FOR EACH HOLDING

although we do not take companies private, we ask ourselves: would we take the company private in a heartbeat at today’s price?



COMFORTABLE BEING A SIGNIFICANT SHAREHOLDER

willing to own more than 5% of a company’s outstanding shares and become active, if necessary, to enhance shareholder value.

INVESTMENT EDGE: INFORMATIONAL

POSSESSING SUPERIOR INFORMATION RESULTING FROM RELENTLESS SHOE LEATHER WORK.

Our research process is relentless and includes regular travel to see management teams, assets, customers, and competitors first hand.

ROUMELL NETWORK OF INDUSTRY CONTACTS

We have built up what we believe is an enviable network of industry contacts developed over many years.
We value and honor long-held relationships and continually seek to build new ones.

- We typically do not get involved in situations where we do not have solid industry and/or company contacts.
- We have often hired individuals who are well-positioned in their respective industries or have deep domain knowledge to conduct independent research projects.
- We maintain relationships with management teams of our portfolio companies even after we exit the positions in our portfolio.

INVESTMENT EDGE: BEHAVIORAL

TEMPERAMENTAL STRENGTH EXPRESSED IN OUR ABILITY TO CONSISTENTLY GO AGAINST THE CROWD.

We do not hesitate to average down after a security's price has gone against us if we determine the presence of compelling value. Some of RAM's biggest winners began as losers, but after reducing our average cost they became winners.

LEVEL-HEADED, THOUGHTFUL AND STEADY

"In the end, how your investments behave is much less important than how you behave."

| B E N G R A H A M

- The ability to remain steadfast in our investment conviction, especially when others are consumed with fear or blinded by enthusiasm, is necessary to obtaining superior long-term returns.
- Flexibility must be maintained in order to avoid the pitfalls of overconfidence.
- Great investing, in our view, is demonstrated in the resolve to work tirelessly, patiently wait, and strike with enough force to have a meaningful portfolio impact.

SECURITY ANALYSIS

ONCE AN INVESTMENT IDEA HAS BEEN IDENTIFIED, WE DO A DEEP DIVE INTO PUBLIC DOCUMENTS (SEC FILINGS, AUDITED FINANCIAL STATEMENTS, PRESENTATIONS, ARTICLES, ETC.)

ASSETS

The flexibility of our process allows us to define an asset in the following ways: sticky/recurring software contracts, research and development investments, patents, real estate, oil/gas reserves, asset scarcity and high replacement costs. Our goal is to purchase assets that have value to strategic buyers in addition to the probability of going-concern success.

BALANCE SHEET STRENGTH

We focus on conservative capital structures. In a perfect world, we look for companies with no debt and a net cash position. However, some opportunities may come from securities encumbered by debt; each situation is viewed in light of price and risk/reward dynamics.

MANAGEMENT

We search for disciplined capital allocators, whose incentives are in alignment with the company's shareholders, and who we believe operate their businesses with honesty and integrity.

INVESTMENT REDUNDANCY

We want to possess multiple shots on goal, i.e., multiple ways to win. We focus our attention on companies with multiple businesses as well as those with separate and discrete assets. Additionally, our goal is to have further redundancy from owning assets that have value to strategic buyers.

DISCOUNT OF CURRENT PRICE TO ASSET VALUE

Our goal is to purchase a dollar's worth of assets for 50-70 cents where we believe there is a high probability of occurrence that management's plan will unlock value.

PORTFOLIO CONSTRUCTION & OVERSIGHT

POSITION IMPLEMENTATION

①

We tend to initiate a position at 2% to 3% of assets with the idea of accumulating a larger position over time as our conviction grows, in light of price.

②

A full position would typically be 5% to 10% after the accumulating phase, largely dependent on the discount of our asset value calculation. We will, however, continue to have smaller sized positions based on our assessment of the risk/reward dynamics.

POLICIES FOR ADDING TO EXISTING POSITIONS

①

A key attribute of our equity investments is that the businesses and capital structures must be sound, such that declines in market value of the equities increases the investment's expected return.

②

With the above being a key parameter of our investment philosophy, we are highly likely to add to existing positions if prices fall. We are not thrown off by volatility, but rather use it to our advantage. It is common for us to reduce our cost basis in particular stocks by 10-30% from initial purchase price.

SELL DISCIPLINE

①

Investment approaches our estimate of intrinsic value.

②

Resource conversion event (e.g. acquisition).

③

Weighting approaches a maximum limit.

④

Loss of confidence in our original investment thesis and/or management team.

ENHANCING THE ALLOCATOR'S TOTAL PORTFOLIO

WE BELIEVE THAT INCLUDING THE ROUMELL OPPORTUNISTIC VALUE STRATEGY WILL BENEFIT OVERALL PORTFOLIOS IN THE FOLLOWING WAYS:



PROVIDE SMALL/MICRO CAPITALIZATION EXPOSURE

We primarily focus on investments in the small to micro capitalization marketplace, which is considered one of the most inefficient areas of the capital markets.



RETURN PATTERN DIVERSIFIER

A non-traditional, multi-asset portfolio combining liquid and less liquid securities and cash in a single account. Thus, offering a unique return pattern that is different than return streams of ETFs, passive investments and most other active strategies.



OPPORTUNISTIC CAPITAL ALLOCATOR

Exposure to equities or special situation fixed income is driven by valuation-based opportunities of specific securities within each asset class. As a result, our exposure to any one asset class has varied over our firm's history.



RISK OF CAPITAL LOSS DIVERSIFIER

Flexibility to hold cash when appropriate discounts to assets cannot be identified. This offers the strategy a level of protection and the opportunity to capitalize on significant market sell-offs.

KEY INFLUENCERS

MARTIN WHITMAN

- Value companies independent of the overall stock market.
- View companies not only as having pure going-concern attributes but, more importantly, as being engaged in resource conversion activities.
- Conventional security analysis overemphasizes the primacy of the income account to the exclusion of the balance sheet. Issuers lacking a good earnings record frequently are highly attractive.

WALTER SCHLOSS

- Buy assets at a discount instead of buying earnings. Earnings can change quickly, but assets don't. And, invest in companies with little or no debt because debt complicates things.
- Be comfortable with who you are because managing people's money is a heavy responsibility.
- Never focus too much on market news and economic data. They always worry investors.

IRVING KAHN

- Favor companies that have near-term weak or no earnings but still have good corporate health because these types of companies offer better value.
- Talk to management, assess their abilities, personalities, and look them in the eye to get a good sense of their character.
- Investing is about finding prospects that grow your capital, not always finding companies that will grow.

SETH KLARMAN

- A margin of safety is achieved when securities are purchased at prices sufficiently below underlying value to allow for human error, bad luck, or extreme volatility in a complex, unpredictable and rapidly changing world.
- Mistakes have boiled down to two varieties: leverage and getting in bed with bad people.
- High uncertainty is frequently accompanied by low price.

INVESTMENT PHILOSOPHY

Analysis Independent of Market



Solid Focus on Assets



Strong Balance Sheets



Significant Margin of Safety

ABOUT THE FIRM

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*I grew up in a working-class neighborhood in Detroit. My friends' fathers often worked in Detroit's auto plants. My parents divorced when I was eight years old. Personal history matters and mine provided me with full knowledge that loss occurs and can hurt. Thus, avoiding loss is a natural instinct for me and why **buying at a discount** is in my bones. We invest in equity securities of well-capitalized businesses when we believe they are on sale. If a security is not available at what we think is a bargain price, we're simply not interested.*

JIM ROUMELL

FIRM CHARACTERISTICS

- Founded by Jim Roumell in 1998
- Based in Chevy Chase, Maryland
- 100% employee-owned
- Three highly-seasoned investment professionals
- ≈\$135 million in assets under management
- Roumell Opportunistic Value Fund (RAMSX) inception on January 1, 2011
- RAM plans to implement a soft close at \$250-\$300 million, but may adjust based on facts and circumstances
- Focus on a single strategy

OUR INVESTMENT TEAM

JIM ROUMELL PORTFOLIO MANAGER

Over thirty years in the securities industry, including over 20 years managing the Roumell Opportunistic Value strategy

Frequent contributor to Manual of Ideas Global Magazine. Featured in publications such as Barron's, Kiplinger's, Value Investor Insight, Financial Planning Magazine, and The Washington Post. Won two consecutive Wall Street Journal stock picking contests (2001, 2002)

Included in *The Art of Value Investing: How the World's Best Investors Beat the Market* (Heins/Tilson)

Board member/Investment Committee member of Amalgamated Casualty Insurance Company

Graduate of Wayne State University

CRAIG LUKIN

COO/CCO/Research Analyst

- Over twenty years in the securities industry, joining RAM in 2003
- Analyst at a private equity firm
- Manager in the Corporate Value Consulting group of PricewaterhouseCoopers
- MBA from University of Chicago, BF from Cornell University
- CFA Charterholder

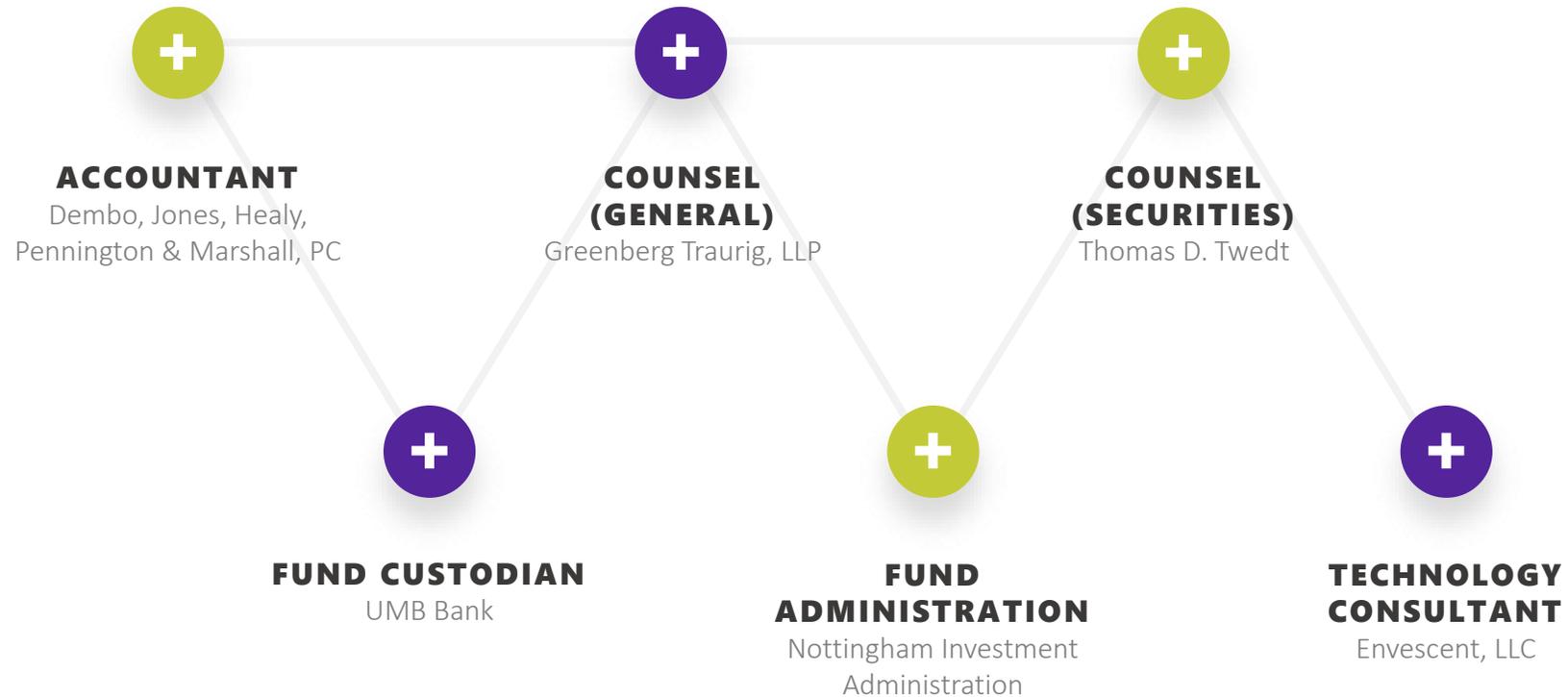
TOM GANDOLFO

Senior Investment Analyst

- Over twenty years in the securities industry, joining RAM in 2015
- Chief Risk Officer and Senior Analyst at Third Avenue Management
- CFO at NYSE-listed company
- CPA at Price Waterhouse
- Graduate of Bentley University

OUR PARTNERS

SERVICE PROVIDERS - FIRM AND MUTUAL FUND



THE WISDOM OF EXPERIENCE

BUSINESS

- Allocate meaningful capital to high-conviction investments - trade increased volatility in the short-term for improved long-term performance.
- Pay attention to overall market valuation; remain obsessed about specific securities and industries.
- Do not feel pressured to put cash to work simply to please outside investors.
- Our commitment to limiting our AUM will be a differentiator for years to come as most small cap/micro cap funds do not constrain their AUM and are forced to eventually own the market.

ALIGNMENT OF INCENTIVES

- Need to have a view of the people in the room - is management competent and shareholder friendly or entrenched with poor incentives?
- RAM is a 100% employee-owned firm, which means that all compensation goes towards attracting and retaining investment talent.
- Partners have a significant amount of investable net worth in Roumell Opportunistic Value strategy.

INVESTMENT

- Focus on process.
- Continually ask, "What is our investment edge?" "Would we take the company private in a heartbeat?"
- Have a highly specific investment rationale.
- Stick with strong balance sheets.
- A poor business model will burn through a good capital structure - balance sheets do not represent safety if the businesses are in material decline and/or their assets are not desirable.
- Temperamental steadiness is key to managing money over time.

PERFORMANCE

	AS OF SEPT 30 2021					
	3 Q21	Year-To-Date	1 YEAR	3 YEAR ¹	5 YEAR ¹	10 YEAR ¹
R A M S X	-7.82%	29.16%	66.42%	18.68%	16.19%	8.42%
60% Russell 2000 Value Index / 40% Barclays Capital U.S Government/Credit Index	-2.22%	15.35%	40.07%	7.87%	8.67%	9.53%
Russell 2000 Value Index	-2.98%	22.92%	63.92%	8.58%	11.03%	13.22%
S&P 500 Total Return Index	0.58%	15.92%	30.01%	15.99%	16.90%	16.63%
Lipper % Rank in category ²	-	-	1%	1%	1%	52%
# of funds in Lipper category	137	135	135	129	121	107

¹ 3 year, 5 year and 10 year returns are annualized; Refer to Expense Limitation Disclosure on the following page

² Mixed-Asset Target Allocation Moderate; based on Total Return performance

The performance information quoted represents past performance, which is not a guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. An investor may obtain performance data current to the most recent month-end by calling 1-800-773-3863. Total return measures net investment income and capital gain or loss from portfolio investments. All performance shown assumes reinvestment of dividends and capital gains distributions.

FUND INFORMATION

Ticker	CUSIP	Load Type	Inception
RAMSX	85520V764	No Load	12/31/2010

Minimum Initial Investment	Annual Fund Operating Expense*	Total Annual Fund Operating Expense**
\$2,500	1.27%	1.32%

* The expense ratio as disclosed in the Fund’s prospectus dated 1/1/21 only includes the direct expenses paid by shareholders from their investment. Roumell Asset Management, LLC (the “Advisor”) has entered into an expense limitation agreement (the “Expense Limitation Agreement”) with the Fund under which it has agreed to waive or reduce its fees in an amount that limits the Fund’s annual operating expenses to not more than 1.23% of the average daily net assets of the Fund through January 31, 2022, and may be terminated by the Board of Trustees of the Fund (the “Board” or the “Trustees”) at any time. The Advisor cannot recoup from the Fund any amounts paid by the Advisor under the expense limitation agreement.

** The Total Annual Fund Operating Expense for the Fund as disclosed in the prospectus dated 1/1/21 is required to include expenses incurred indirectly by the Fund through its investments in closed-end funds and other investments companies.

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MUTUAL FUND DISCLOSURES

An investor should consider the investment objectives, risks, and charges and expenses of the Fund before investing. The prospectus contains this and other information about the Fund. A copy of the prospectus is available at www.roumellfund.com or by calling Shareholder Services at 800-773-3863. The prospectus should be read carefully before investing.

An investment in the Fund is subject to investment risks, including the possible loss of some or all of the principal amount invested. There can be no assurance that the Fund will be successful in meeting its investment objective. Investment in the Fund is also subject to the following risks: Opportunistic Investment Strategy Risk, Non-diversified Fund Risk, Sector Risk, COVID-19 Risk, Cybersecurity Risk, Common Stocks Risk, Small-Cap and Mid-Cap Securities Risk, Micro-Cap Securities Risk, Risks Related to Investing in Other Investment Companies, Large-Cap Securities Risk, Preferred Stock Risk, Convertible Securities Risk, Lower-rated Securities or “Junk Bonds” Risk, Risks of Investing in Corporate Debt Securities, Interest Rate and Credit Risk, Maturity Risk, Government Debt Markets May Be Illiquid or Disrupted, Inflation Risk, Risks of Investing in REITs, Currency Risk, and Foreign Securities Risk. More information about these risks can be found in the Fund’s prospectus.

The Roumell Opportunistic Value Fund is distributed by Capital Investment Group, Inc., Member FINRA/SIPC, 100 E Six Forks Rd, Raleigh, NC, 27609. There is no affiliation between Roumell Asset Management, LLC, including its principals, and Capital Investment Group, Inc.

CONTACT US



www.roumellasset.com



(301) 656-8500



Roumell Asset Management, LLC
2 Wisconsin Circle - Suite 700
Chevy Chase, MD 20815

JIM ROUMELL

jroumell@roumellasset.com

CRAIG LUKIN

clukin@roumellasset.com

TOM GANDOLFO

tgandolfo@roumellasset.com