Quarterly Report

January 31, 2016

Roumell Asset Management, LLC

Fourth Quarter Summary

Performance Summary

	4Q 2015	1 Year	3 Year	5 Year	10 Year	Since Inception*	Cumulative Return Since Inception*
		Annualized as of 12/31/15					
Roumell Opportunistic Value (Net)	**-3.34%**	**-15.27%**	**-5.15%**	**-2.53%**	**1.18%**	**7.20%**	**225.83%**
60% Russell 2000 Value / 40% Barclays US Govt Credit	1.49%	-4.26%	6.10%	6.27%	5.66%	7.47%	240.52%
S&P 500	7.03%	1.38%	15.13%	12.57%	7.31%	4.99%	128.86%
Russell 2000 Value	2.88%	-7.46%	9.06%	7.67%	5.57%	8.38%	292.89%
Roumell Balanced (Net)	**-2.40%**	**-11.35%**	**-2.92%**	**-0.84%**	**1.54%**	**5.60%**	**152.48%**
Thomson US Balanced Index	2.47%	-1.71%	6.44%	6.25%	4.75%	4.12%	98.78%

**Inception of Roumell Opportunistic Value and Roumell Balanced is 1/1/99.*

Roumell Asset Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®). Ashland Partners & Co. LLP, our independent verifier, completed its examination of the composite performance returns for the period of 1999 (inception) through September 30, 2015. All returns include reinvested dividends and interest. Please refer to the annual disclosure presentations at the end of this letter.

Reflections on 2015

Our performance last year was the result of temporary marks on a relatively small set of holdings that in no way undermines embedded value, in our opinion. Paratek dropped from $38.55 to $18.97 by year-end; Sizmek dropped from $6.40 to $3.65; Rosetta Stone dropped from $9.75 to $6.70; and energy securities dropped (we had a modest weighting, but impactful given the sector's significant sell-off). Offsetting the events highlighted above were a number of successfully harvested positions. In fact, we sold a total of seven equity positions in 2015, with five, or 71%, sold for gains, which is in line with our long-term overall hit rate of two-thirds (80%+ for high conviction ideas, i.e., positons with a weighting of 5% or more). Additionally, the severity of the losses on the two other positions was in line with our historical averages.

The portfolio today looks strikingly similar to how it looked one year ago. We believe that's a very good thing because we're confident that our analysis in aggregate will be vindicated. We averaged down in both Paratek and Rosetta in 2015. Nine of our top ten equity positions (which comprise roughly 60% of our portfolio in Opportunistic Value accounts) have an average net cash to market cap ratio of about 40%.

The securities we own today are cash-rich and own unique, if currently under-earning, assets that we believe are well positioned as either going concerns or resource conversion candidates. In our opinion, as shares have gotten cheaper, our investments have gotten safer. Our equity portfolio in aggregate is valued at 1.4x book value and 0.6x enterprise value to revenue, a 50% and 70% *discount* to the S&P 500 multiples, respectively. Moreover, given our over 30% cash position, we welcome the market's recent sell-off because: 1) we have an event-driven basket of securities (not market optionality) and 2) we have substantial dry powder to take advantage of potential attractive opportunities.

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We believe it's an excellent time to add to the private equity-like basket of securities held by RAM in the context of a diversified portfolio.

Why We Have Continued to Avoid Energy Securities and Reduced Exposure in 2015

We have often described our investment funnel as having three sources of lead generation: securities introduced from our investment ecosystem (typically providing us what we believe is an informational and/or analytical investment edge); securities experiencing deep sentiment shifts (seeking to exploit a behavioral edge); and securities in bear markets (exploiting short-termism among most investors). In all three instances, we focus our attention on exceptionally well-capitalized balance sheets. For 17 years RAM has predominantly sought opportunities flowing from our ecosystem with varying amounts of lift coming from the latter two categories (sentiment shifts and bear markets).

During the first half of 2015, the prices of common stocks and debt securities of energy-related companies declined significantly. As such, we, along with most value investors, began to seek attractive opportunities in the energy sector. At the time, the majority of sell-side analysts, pundits and industry experts were projecting a healthy rebound in energy prices (oil and natural gas). During the first nine months of 2015, we saw highly experienced industry management teams buying back their company securities at what they determined to be very attractive and accretive prices. Given all of this background, it was certainly tempting for many value investors to jump in and add to their energy exposure.

As we entered the summer of 2015, we decided to take a deep breath and work intensely to analyze the risks and opportunities in the energy sector. Our work took over a month to complete, but we were willing to risk missing out on the upswing predicted by many to make sure we protected our investors' downside risk in this very volatile sector of the market. Our initial review of several energy-related companies quickly identified an alarming trend. Most of these companies took on tremendous debt to finance their expansion and capital expenditures when oil was north of $85 per barrel and natural gas was north of $4.00. As long as energy prices stayed at or above those levels the various companies would have no problem servicing their debt. However, as prices declined significantly, it became obvious to us that a reasonable case could be made that many of these companies had tremendous liquidity risk and ultimately might not be able to service their debt. Such a situation would result in bankruptcy or troubled debt restructuring.

Based on our initial concerns, we decided to analyze potential energy investments assuming the then prevailing low energy prices would remain for an extended time period rather than project a recovery in pricing like many sell-side firms were doing. We also performed a reasonable stress case scenario where we modeled in further declines in energy prices. Most of Wall Street research posited $70 long-term oil prices and spent little to no time handicapping a much lower price. We had to take this more conservative approach because the debt these companies took on presented a reasonable case that serious trouble laid ahead. We reviewed debt indentures to understand creditor rights and covenants that could adversely impact the debt and equity holders. We also modeled out projected cash flows under various energy price scenarios. The results of our detailed review made us conclude that the risk of a liquidity event causing a restructuring was quite high and, as such, we decided to pass on any additional investments in the energy sector. Based on our conclusions, we sold our Clayton Williams and Resolute Energy debt, in aggregate (including interest payments received) returning our principal investment. Finally, we exited our one energy equity position, QEP, for a modest loss due to the increasing likelihood of significant NAV decline resulting from rising leverage (stemming from heightened cash burn) and commodity price sensitivity.

Fortunately, our decision to pass on the sector, and in fact reduce exposure, was correct as most of the small and mid-cap energy related securities have seen dramatic declines, including the ones we exited. We will patiently look for opportunities post-restructuring when the sector deleverages and significantly improves its balance sheet strength. Today, RAM's energy exposure is roughly 5% in total, derived from three pieces of distressed debt securities (Athabasca Oil, Comstock Resources and Goodrich Petroleum). They are all trading significantly below where they were purchased, but we deem them to possess favorable risk/reward attributes. To wit, if we participate in recapitalizations (debt for equity exchanges) where we exit as owners rather than as creditors (i.e., in delevered balance sheets wherein these companies' original equity is wiped out), we will look to participate in the eventual energy price recovery from the position as common stock owners.

To be clear, the decision to avoid investing in the energy sector as security prices plummeted and to reduce exposure was not the result of any ability on our part to predict the direction of oil and/or natural gas prices. We have no such gift. Simply, it was the recognition that the sector had levered up assuming $80+ oil would be the norm and that at sub-$50 oil industry capital structures would be severely challenged. Our conclusion was that energy companies possessing various debt maturity schedules were simply options on an energy market recovery with different time horizons. Moreover, absent a price recovery in the designated time period, these options would expire. The scenario is analogous to the banks during the financial crisis: leverage plus handicapping the severity of credit losses amounts to big risk in determining the value of underlying securities, particularly equity ones.

At this point, interested investors have a variety of ways to participate in the energy sector. We see three principal options on the exploration and production side of the industry. First, the major integrators like Exxon and Royal Dutch Shell offer the safest equity exposure. These securities are certainly battleships that possess staying power. In our view, the problem here is one of valuation. To wit, while energy has now dropped 70% from its high this group has dropped a mere 25% to 50%. Reflecting its most "favored nation security" status, Exxon has dropped only 25% despite an earnings decline of over 50% in the past two years ($7.60 EPS in 2014 and estimates of just over $3.00 per share in 2016 with a P/E ratio of 25x).

Second-tier producers like Devon and Concho are well-capitalized favorite names currently popular among value investors and possess a reasonable amount of staying power. However, their asset values are highly sensitive to commodity price assumptions. Devon has a $50/share NAV assuming a long-term oil price of $70, but has zero equity value assuming $40 long-term oil prices. These companies have dropped by 50% to 70% from their 18-month highs. The third bucket is comprised of small and mid-cap players that are on borrowed time ranging from days to a few years. Similarly, on the service side of the business, the opportunities again break down between battleships like Schlumberger ($5.61 EPS in 2014 and estimates of $2.43 per share in 2016 with a P/E ratio of over 25x), off roughly 40% from its 18 month high, and leveraged small and mid-players like drillers Patterson and Nabors, off 70% from their 18 month highs.

Thus, since we do not know when energy prices will recover, and since commodity companies with levered balance sheets are highly dependent on a price recovery, we do not find the space particularly investable and/or attractive. As noted earlier, we have judged the positions we currently hold to possess very favorable risk/reward characteristics. Our disinterest in adding to the space at this time is the result of repeatedly coming up against our inability to predict prices for the foreseeable future and the dependence of the investment thesis on a commodity price recovery occurring within a certain band of time.

This belief is in stark contrast with many pundits, macro analysts, several respected sell side institutions and myriad of energy economists who have argued (at times quite forcefully) that they can triangulate supply and demand and predict price. One vocal camp is saying "lower for longer" as a result of the debt-financed U.S. energy boom and Iranian production coming back on line, while another is indicating a rebound given the dramatic reduction in cap-ex and an ailing Saudi economy in need of a price recovery to support its spending. We have no clue which camp is correct.

To sum, where there is deep pessimism in energy share prices, there is often concurrently significant, if not wholly, binary-type risk. Where there are well-capitalized securities with lasting staying power, price is not sufficiently negative, in our view, to provide a meaningful margin of safety. To be clear, if prices do rise significantly in the foreseeable future, energy stocks will rally and the riskiest ones will rally dramatically. It's exposure we are simply not interested in because it feels too much like a gamble and not a rational investment decision wherein the odds are squarely on our side. If a quicker recovery occurs than is currently priced into the market's energy securities, we will benefit nicely from our existing exposure.

Our portfolio may be volatile given its level of concentration (and micro-cap focus), but we have time as a result of balance sheet strength. Further, because we have time and own unique underlying assets, the cheaper our securities get the safer the investments become because our balance sheets on the whole are not in decline. It's a very different situation than owning a basket of highly leveraged securities that are likely to be either big winners or big losers.

Top Three Purchases

We had only one purchase in the quarter, which was a modest addition to our Apple investment.

Apple Inc., AAPL. Here's what we concluded in our third quarter letter: "Although infrastructure spending in China is certainly slowing, we do not believe the Chinese consumer is slowing down. India is right behind as a leading market opportunity. Further, we think replacement cycles will wax and wane, but the company's strong ecosystem is firmly in place and is what ultimately counts. It doesn't appear that users feel much pull to leave AAPL and join a competitor trafficking in commoditized software. Could AAPL's premium pricing ability erode? Of course it could. We claim no special knowledge or insight regarding AAPL's current operations and and/or the optionality it possesses in the nascent TV or automobile markets. We simply think it's very cheap in relation to its earnings and that the risk that those earnings may slow (or drop) is sufficiently accounted for in our purchase price."

Our investment thesis has not changed since we wrote about AAPL in our third quarter letter.

We will continue to methodically and diligently search for out-of-favor, overlooked and misunderstood investments and stay true to being balance sheet focused, opportunistic, and thoughtful while gathering enough information to make well-informed investment decisions.

Disclosure: The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for advisory clients, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. The top three securities purchased in the quarter are based on the largest absolute dollar purchases made in the quarter.

Roumell Asset Management, LLC
Balanced Composite
Annual Disclosure Presentation

		COMPOSITE ASSETS		ANNUAL PERFORMANCE RESULTS			3-YR ANNUALIZED STANDARD DEVIATION	
YEAR END	TOTAL FIRM ASSETS (MILLIONS)	USD (MILLIONS)	NUMBER OF ACCOUNTS	COMPOSITE NET	THOMSON US BALANCED MUTUAL FUND	COMPOSITE DISPERSION	COMPOSITE NET STANDARD DEVIATION	THOMSON US BL MF STANDARD DEVIATION
2015	94	12	37	-11.35%	-1.71%	4.41%	7.32%	6.56%
2014	170	49	93	-7.71%	6.00%	4.25%	6.23%	6.08%
2013	288	82	140	11.85%	15.73%	5.69%	6.62%	8.06%
2012	286	82	156	10.50%	11.71%	3.02%	6.50%	9.79%
2011	306	79	173	-5.19%	0.53%	4.28%		
2010	311	83	167	12.25%	11.75%	2.59%		
2009	249	55	124	33.19%	23.19%	5.79%		
2008	166	40	121	-22.82%	-26.97%	5.01%		
2007	270	75	154	-7.58%	5.76%	3.71%		
2006	280	87	158	14.00%	10.47%	3.69%		
2005	199	73	142	8.56%	4.22%	2.67%		
2004	123	66	119	16.48%	7.79%	3.82%		
2003	66	42	100	28.26%	18.60%	3.94%		
2002	41	27	79	-9.70%	-11.36%	3.77%		
2001	31	17	39	21.18%	-4.19%	4.75%		
2000	19	10	23	8.47%	1.95%	4.53%		
1999	16	9	22	12.53%	8.35%	2.63%		

Balanced Composite contains fully discretionary accounts. Roumell Asset Management, LLC (Roumell) is an opportunistic capital allocator with a deep value bias. On average, Balanced accounts have a target of 65% equity (provided an appropriate number of securities are found that meet Roumell's deep value investment criteria), with the remaining 35% in fixed income and cash. The equity allocation is all cap with a focus on smaller companies. In selecting bond investments, Roumell exercises its value discipline and buys only fixed income securities that it believes represent value on a risk-adjusted basis. It may buy individual government agency, investment grade and high-yield corporate, municipal, and foreign bonds and closed-end bond funds. When fully invested, accounts will hold about 25 to 30 positions. Roumell will hold cash in the absence of sufficient investment opportunities. For comparison purposes, the Balanced Composite is measured against the Thomson US Balanced Mutual Fund Index. In presentations shown prior to March 31, 2006, the composite was also compared against the Lipper Balanced Index. Additionally, in presentations prior to December 2006, the composite was measured against the Vanguard Balanced Index Fund. The Thomson US Balanced Mutual Fund Index is a blend of more than 500 balanced mutual funds and is therefore deemed to more accurately reflect the strategy of the composite. The Balanced Composite was created January 1, 1999.

Roumell Asset Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Roumell Asset Management, LLC has been independently verified by Ashland Partners & Company LLP for the periods January 1, 1999 through September 30, 2015. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Balanced Composite has been examined by Ashland Partners & Company LLP for the periods January 1, 1999 through September 30, 2015. The verification and performance examination reports are available upon request.

Roumell Asset Management, LLC is an independent registered investment adviser. The firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results.

The U.S. dollar is the currency used to express performance. Returns are presented net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. From 2010 to 2013, for certain of these accounts, net returns have been reduced by a performance-based fee of 20% of profits, paid annually in the first quarter. Net returns are reduced by all fees and transaction costs incurred. Wrap fee accounts pay a fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes investment management, portfolio monitoring, consulting services, and in some cases, custodial services. Prior to and post 2006, there were no wrap fee accounts in the composite. For the year ended December 31, 2006, wrap fee accounts made up less than 1% of the composite. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. Returns include the effect of foreign currency exchange rates. Exchange rate source utilized by the portfolios within the composite may vary. Composite performance is presented net of foreign withholding taxes. Withholding taxes may vary according to the investor's domicile.

The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite for the entire year. Dispersion calculations are greater as a result of managing accounts on a client relationship basis. Securities are bought based on the combined value of all portfolios of a client relationship and then allocated to one account within a client relationship. Therefore, accounts within a client relationship will hold different securities. The result is greater dispersion amongst accounts. The 3-year annualized ex-post standard deviation of the composite and/or benchmark is not presented for the period prior to December 31, 2012, because 36 monthly returns are not available. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The investment management fee schedule for the composite is as follows: for Direct Portfolio Management Services: 1.30% on the first $1,000,000, and 1.00% on assets over $1,000,000; for Sub-Adviser Services: determined by adviser; for Wrap Fee Services: determined by sponsor. Actual investment advisory fees incurred by clients may vary.

Roumell Asset Management, LLC
Opportunistic Value Composite
Annual Disclosure Presentation

		COMPOSITE ASSETS		ANNUAL PERFORMANCE RESULTS					3-YR ANNUALIZED STANDARD DEVIATION			
YEAR END	TOTAL FIRM ASSETS (MILLIONS)	USD (MILLIONS)	NUMBER OF ACCOUNTS	COMPOSITE NET	60% RUSSELL 2000 VALUE/ 40% BARCLAYS US GOVT CREDIT	S&P 500	RUSSELL 2000 VALUE	COMPOSITE DISPERSION	COMPOSITE NET STD DEV	60% RUSSELL 2000 VALUE/ 40% BARCLAYS US GOVT CREDIT STD DEV	S&P 500 STD DEV	RUSSELL 2000 VALUE STD DEV
2015	94	23	77	-15.27%	-4.26%	1.38%	-7.46%	2.80%	9.23%	8.12%	10.47%	13.46%
2014	170	61	163	-10.74%	5.18%	13.70%	4.22%	3.41%	7.97%	7.71%	8.97%	12.79%
2013	288	130	281	12.83%	18.61%	32.38%	34.51%	3.12%	8.90%	9.16%	11.94%	15.82%
2012	286	157	367	13.92%	12.82%	16.00%	18.05%	1.86%	8.63%	11.36%	15.09%	19.89%
2011	306	175	466	-9.51%	0.59%	2.11%	-5.49%	2.17%				
2010	311	189	479	14.71%	17.97%	15.06%	24.49%	2.17%				
2009	249	153	414	42.19%	15.13%	26.47%	20.57%	5.57%				
2008	166	104	413	-27.35%	-15.77%	-36.99%	-28.93%	3.40%				
2007	270	178	549	-7.67%	-3.05%	5.49%	-9.78%	2.68%				
2006	280	176	458	16.89%	15.40%	15.79%	23.48%	2.18%				
2005	199	111	312	12.38%	4.00%	4.91%	4.71%	2.59%				
2004	123	47	125	20.18%	14.92%	10.88%	22.25%	2.69%				
2003	66	15	46	32.13%	28.38%	28.69%	46.03%	4.04%				
2002	41	8	44	-10.15%	-2.31%	-22.10%	-11.43%	4.33%				
2001	31	5	30	32.76%	12.26%	-11.89%	14.02%	6.33%				
2000	19	2	12	7.97%	18.50%	-9.10%	22.83%	4.05%				
1999	16	2	9	26.02%	-1.54%	21.04%	-1.49%	3.92%				

Opportunistic Value Composite contains fully discretionary accounts. Roumell Asset Management, LLC (Roumell) is an opportunistic capital allocator with a deep value bias. Opportunistic Value accounts can have up to 100% of their assets invested in stocks in the ideal situation where an appropriate number of securities are found that meet Roumell's deep value investment criteria. Historically, these accounts have emphasized common stocks (all cap with a focus on smaller companies). However, Roumell will also selectively purchase a mixture of high yield bonds and discounted closed-end bond funds if it is believed that these offer a favorable risk/reward profile. When fully invested, accounts will hold about 25 to 30 positions. Roumell will hold cash in the absence of sufficient investment opportunities. For comparison purposes, the Opportunistic Value Composite is measured against the S&P 500, a blend of 60% Russell 2000 Value and 40% Barclays U.S. Government Credit (calculated on a monthly basis), and Russell 2000 Value Indices. Presentations provided prior to January 1, 2014, showed the Russell 2000 in place of the blended index. The change was made to better reflect the opportunistic strategy of the composite. As noted before, the composite's allocation to equity, fixed income, and cash will vary depending on Roumell's investment decisions. The S&P 500 Index is used for comparative purposes only and is not meant to be indicative of the Opportunistic Value Composite's performance. In presentations shown prior to March 31, 2005, the composite was also compared against the Nasdaq Index. The benchmark was eliminated since it did not represent the strategy of the composite. The Opportunistic Value Composite was created January 1, 1999. Prior to January 1, 2014, this composite was known as the Total Return Composite.

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The U.S. dollar is the currency used to express performance. Returns are presented net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. Net returns are reduced by all fees and transaction costs incurred. Wrap fee accounts pay a fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes investment management, portfolio monitoring, consulting services, and in some cases, custodial services. Wrap accounts are included in the composite. As of December 31 of each year 2006 through 2015, wrap fee accounts made up 33%, 36%, 31%, 33%, 41%, 40%, 41%, 43%, 31% and 13% of the composite, respectively. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. Returns include the effect of foreign currency exchange rates. Exchange rate source utilized by the portfolios within the composite may vary. Composite performance is presented net of foreign withholding taxes. Withholding taxes may vary according to the investor's domicile.

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